urnal of Business News and Interpretation

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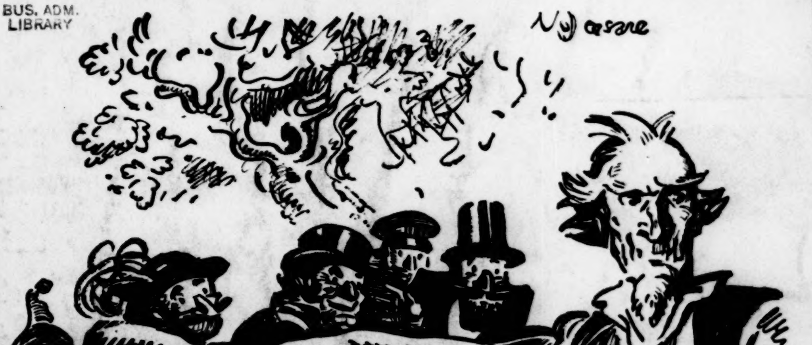
1930
YOUNG PLAN
REPARATION BONDS

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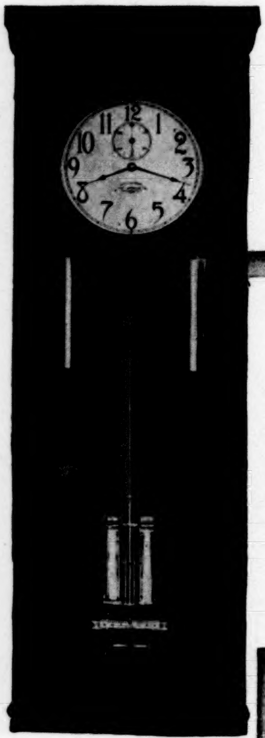

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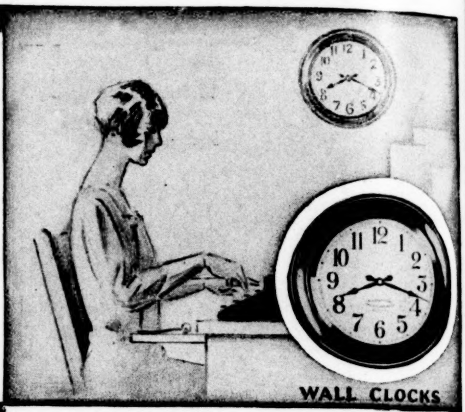

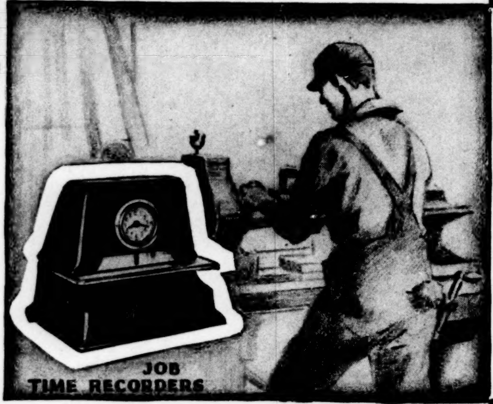

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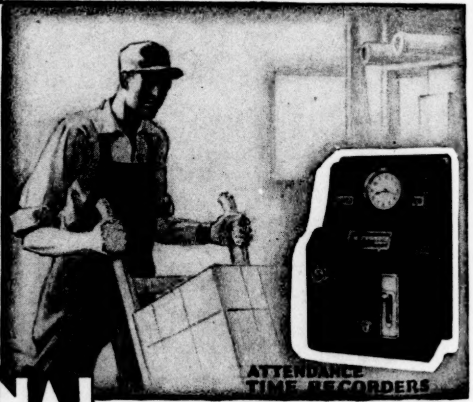

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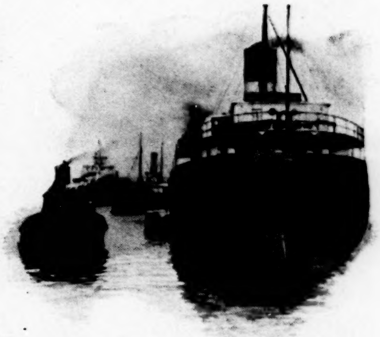


Raw materials are either in the state or easily brought in by water or rail from Canada or the west.

The things that made New York State great . . .

will also make your business great

NEW YORK STATE was made to be great. Nature endowed it with fertile soil, rich resources, a temperate climate. She gave it a marvelous chain of connecting waterways, destined to tap the abundant raw materials of Canada and the West. She made it the natural gateway for more than half of the nation's exports and imports.

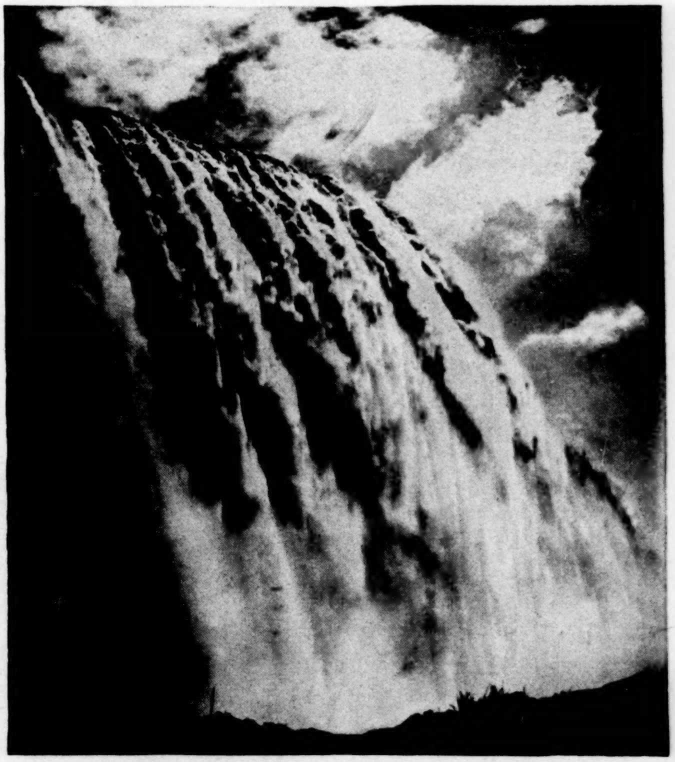
With such a start it was inevitable that New York today should lead the country in manufacture . . . 242 of the 264 industries listed by the United States Government are represented here . . . that it should lead in population, in wealth, in railroads, in manufacturing.

Its manufacturing output per worker is higher than almost anywhere in the country. And, in the territory served by Niagara Hudson, its industrial rates for electricity are materially lower than the nation's average.

The Empire State offers not only ideal manufacturing conditions, but ideal marketing conditions as well. It is located in the midst of a comparatively small area that contains 49 per cent of the country's population and 55 per cent of the country's wealth. The economical way to reach this market is to locate your plant in its midst.

Write us for new booklet, "New York, the Great Industrial State." It is sent without a personal follow-up of any kind. Address Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N.Y.

A network of railroads, concrete highways, navigable waterways, insures perfect movement of finished products.

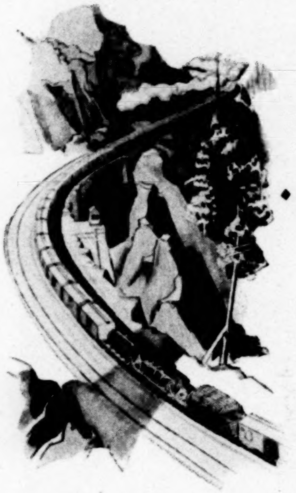


POWER IS CHEAPER IN NEW YORK STATE

This book interestingly describes the specific industrial advantages of the territory served by Niagara Hudson, which includes among many others the towns and cities listed below:

ALBANY
ALBION
AMSTERDAM
BALDWINSVILLE
BALLSTON
BATAVIA
BOONVILLE
BROCKPORT
BUFFALO
CANASTOTA
CARTHAGE
COBLESKILL
CORTLAND
COHOES
DEPEW
DOLGEVILLE
DUNKIRK
E. SYRACUSE
FAIRPORT
FALCONER
FORT EDWARD
FORT PLAIN
FRANKFORT
FREDONIA
GENESEO
GLENS FALLS
GLOVERSVILLE
GOWANDA
GREEN ISLAND
HAMBURG
HERKIMER
HOMER
HUDSON
HUDSON FALLS
ILION
JAMESTOWN
JOHNSTOWN
KENMORE
LACKAWANNA
LANCASTER
LEROY
LITTLE FALLS
LOWVILLE
LYONS
MALONE
MEDINA
MOHAWK
NEW YORK MILLS
NIAGARA FALLS
N. TONAWANDA
OLEAN
ONEIDA
OSWEGO
PULASKI
RENSSELAER
ROME
ROTTERDAM
ST. JOHNSVILLE
SALAMANCA
SCHENECTADY
SCOTIA
SKANEATELES
SOLVAY
SYRACUSE
TONAWANDA
TROY
UTICA
WATERFORD
WATERTOWN
WATERVLIET
WELLSVILLE
WESTFIELD
WHITEHALL
WHITESBORO
WILLIAMSVILLE
SARATOGA SPRINGS

NIAGARA · · · HUDSON
POWER CORPORATION



A Train

..that connects with Twenty Million Homes

More than a hundred miles of freight cars must ride the rails each year to distribute equipment that Westinghouse manufactures. Electrical products closely connected with the life of the nation's twenty million homes stream out from Westinghouse plants in dozens of car-loads every day.

At one loading platform, for instance, you see a group of workmen loading the spindle of a giant turbo-generator. It is being started on its way to flood a distant city's homes with cheerful light.

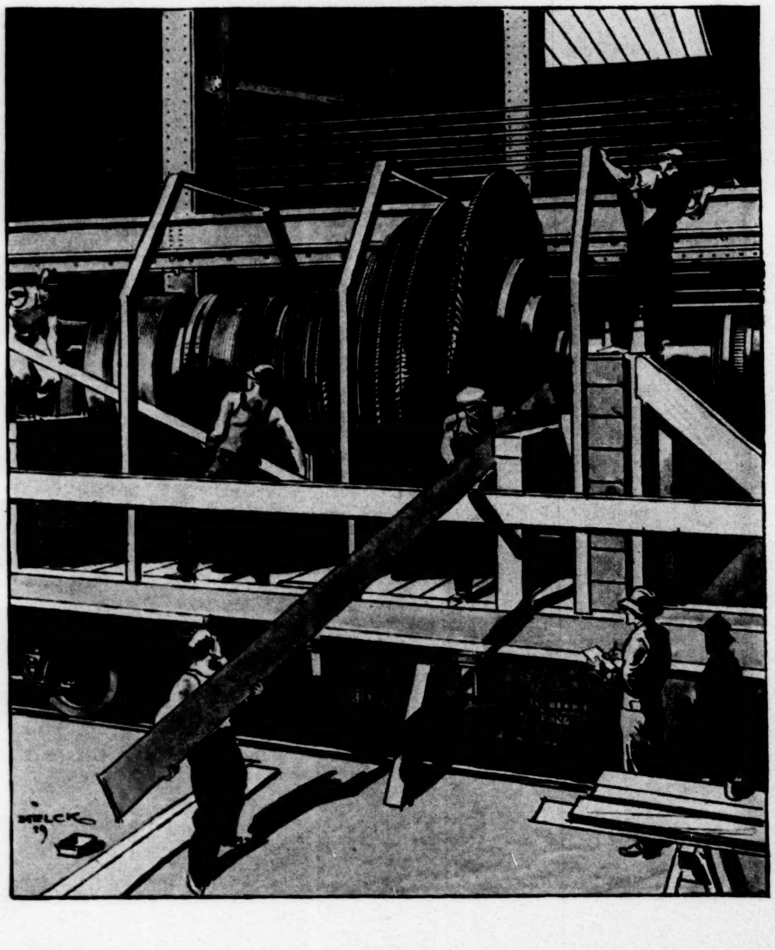
And so it is with other apparatus. Electric appliances carry new freedom to mothers in homes. Industrial motors help factories to put new convenience in reach of homes everywhere . . . and workmen are helped by means of electrification to increase their earnings and raise their standards of home living.

Whenever you see the sign of a Westinghouse Electrification dealer, you see the signature of a service that is helping electricity to give you more for the time, effort, and money you spend. As electricity does more you can buy more.

Electric power builds buying power

Westinghouse

Below—Westinghouse workmen loading the spindle of a giant turbo-generator for shipment



Westinghouse Electrification
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THE
BUSINESS WEEK
A JOURNAL OF BUSINESS NEWS AND INTERPRETATION
FOR THE WEEK ENDING JANUARY 25, 1930

WHAT'S IN THIS ISSUE—AND WHY

•

EXPORTS may drop through a hole in our trade treaties. European industrial leaders think they have found it in the "most favored nation" clause. They are urging their governments to manipulate our import quotas under this clause so as to cut down American sales in their markets. Automobiles may be hit first, says a cable from our European Bureau.

•

THE chorus praising the "new era," that reached a crescendo just before the new era crashed through the floor of the Stock Exchange, has changed to a howl of abuse. But the showy model that carried business to a record before it stalled in October, 1929, wasn't all gimcrackery. We can use some of its best features in the new one we are trying to build in 1930. Business is vitally interested in this week's notable appraisal of "What's Left of the New Era."

•

WHENEVER production gets far ahead of consumption, producers say, "There ought to be a law." There is one. Its short title is "Supply and Demand." Recent attempts to amend it with production cartels and price-fixing devices have been popular. But—they have been conspicuously unsuccessful. More serious than that, says our leading review, they have nullified the old law in cases where it might, otherwise, have operated profitably for supply interests.

•

CANADA awaits the tariff tidings from Washington before throwing a legislative lever that may shift to Great Britain orders that now make imposing totals on our business books. But, even then, politics may slow down the machinery. Our summary of the Canadian tariff situation is of special importance to the iron and steel industries.

•

CONSTRUCTION projects running into big figures promise to stimulate business in 1930. But construction plans in small figures are important, too. Sears, Roebuck & Company has announced a new one to stabilize the wage-earner by making him a home-owner. This week's news report shows it a long stride in instalment selling.

•

ART is long, life is fleeting, said Hippocrates. Art is lengthening the sales life of many an old, familiar product. A small group of designers has faced squarely the traditional prejudice of the manufacturer, and industry has a practical program of using their services. "The Eyes Have It" describes that program.

•

WHOLESALERS are being squeezed out as manufacturers and retailers continue to come closer together. But the prospect doesn't worry one wholesaler in Chattanooga, Tenn. He has already merged with his retailers in a new type of distribution chain. Is this the middle-man's way out of what is beginning to look like a tight hole?

Business Outlook

IF the business thermometer is not rising perceptibly enough to warm business sentiment very much, it has at least stopped dropping. Each week brings further evidence that the decline has been checked and that a definite upturn is not far off. Basic industrial activity has quickened, though primary distribution and general trade are seasonally slack and still somewhat hesitant. Steel operations have shown an unusually strong year start; general building is moving at a higher level than in December; and if government reports are true, an upturn in employment in January has resulted from organized business support of the President's efforts.

It will be better in the end if business revival proceeds, as it now does, slowly and firmly. Call money rates are so low and general commercial rates are still too high to risk the possible effect on the stock market of a false start in business recovery. The market, however, is getting into a sound position for a moderate rise in activity and prices. Bank security loans are still heavy, and the short interest probably large. But while there is still a lot for the market to digest, there is very little to deflate.

Business revival would probably be facilitated and not much endangered by a further lowering of rediscount rates. We should expect this any week now.

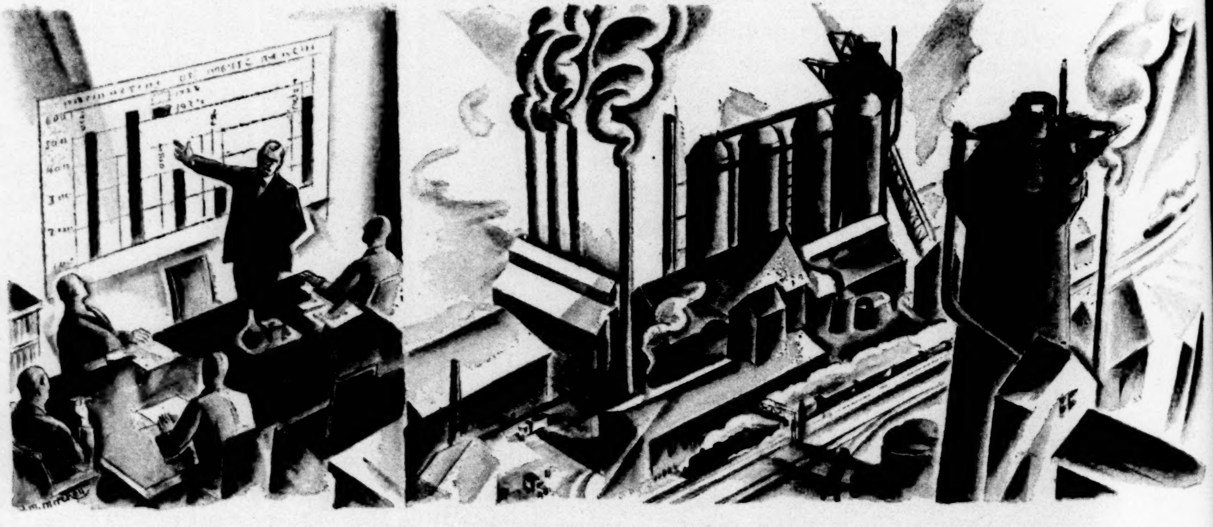
"Stabilization" Wields a Boomerang

SCHEMES for stabilizing prices of commodities are undergoing a crucial test and are showing some of the weaknesses which economists have always predicted for them. This test of the ability of groups to hold prices up—which is what "stabilization" means—is likely to be more severe during the next few months, and is of special interest to American business because the government, through the Farm Board, is pretty deeply involved in the experiment.

Commodity prices have been falling rather rapidly for some months. On the average, they are near the levels reached in the depression period of 1921-1922. Generally the decline has most affected raw staple commodities—minerals and agricultural products; and the striking thing is that the declines have usually been worst in those commodities where there has been some concerted effort to hold the price up. Wool, cotton, silk, wheat, dairy products, coffee, sugar, rubber, petroleum, tin, zinc, lead and silver all have been or are subject to one kind or another of price stabilization schemes, and these schemes have all failed in greater or less degree. Copper prices seem to be, so far, an exception, but the continued resistance of buyers to the present price makes it doubtful how long it can be maintained.

There are, of course, somewhat different reasons for the decline in each case. The universal disposition of buyers to hold off in expectation of lower prices and the prevailing slackness of business is the most general factor influencing commodity markets. But the fact that buyers are aware that pools have accumulated large stocks in the hope of holding prices up tends to pull prices down, in some cases below the normal level that would be fixed by the forces of supply and demand.

Prevailing wool prices, which are below pre-war levels, are due principally to the liquidation of the Australian pool. The drastic slump on coffee prices also is a result of the collapse of the Brazilian "valorization" scheme. The recent cut in crude oil prices is a reflection of pessimism regarding production control efforts. It cannot be said that present cotton prices have been much affected by actual Farm Board efforts to control the marketing of last year's crop. But the present price, about 3 cents below last year's level, is probably somewhat lower than conditions of supply and demand warrant because of the belief that the Farm Board will try to boost the price next year through the newly organized cotton marketing corporation and will



fail because production will be increased in expectation of a higher price.

The most dramatic instance of the questionable effect of price stabilization efforts is the situation in the wheat market. The National Grain Corporation has been buying spring wheat at a fixed price and in unlimited quantities in the hope of maintaining the price at the present level. At the same time, it is reported that Canadian holders are selling their wheat at the Farm Board's price, and there are indications that the Canadian wheat pool has weakened under the strain of the European buyers' strike and is in process of gradual liquidation.

This situation is the more striking because there is no doubt that the world wheat crop is considerably short of last year's and there is reason to believe that, under the normal play of supply and demand, the prevailing price would be higher than it now is if there had been no such attempts to hold it up.

Although it has been repeatedly emphasized that the general inventory situation was a favorable factor in the present business recession as compared with conditions in 1921, this is not true of these raw products, and the strain of carrying large quantities in the hope of forcing prices up is likely to be embarrassing and to retard return to normal conditions.

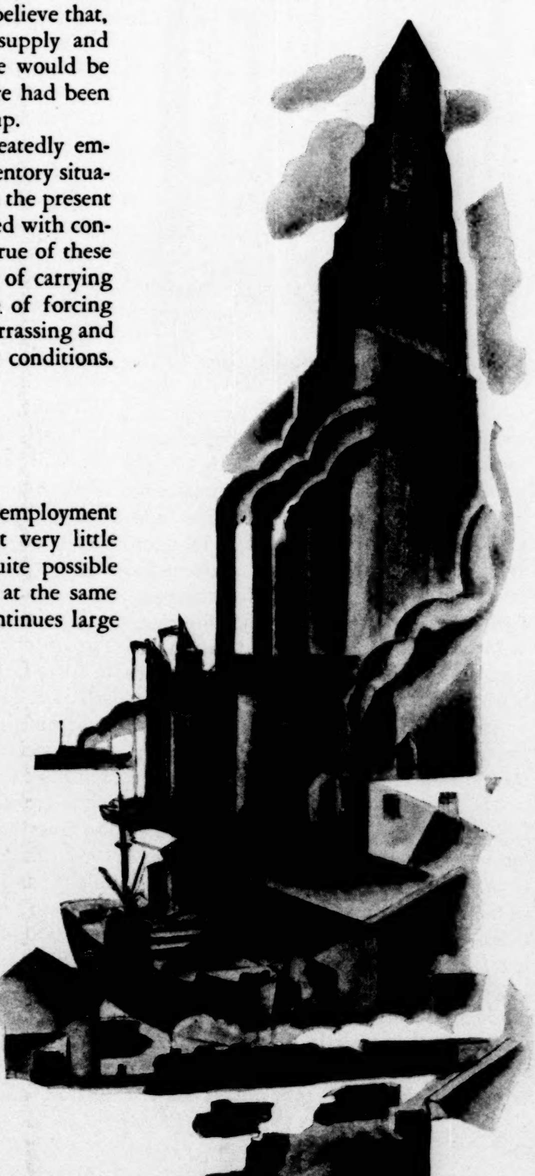
▼

British Employment Grows Too

WE hear a lot about unemployment in Great Britain but very little about employment. It is quite possible for employment to increase at the same time that unemployment continues large or increases. This is what has been happening in Great Britain in recent years. Although the number of unemployed remains large, workers have been shifting from one group of industries to another, much as they have in the United States. While unemployment in certain trades has increased, employment in others has also increased, and the total number of people at work has grown.

The fact that Great Britain has a comprehensive unemployment insurance system enables it to follow more closely what is happening to employment and unemployment than we can here. Figures of the Ministry of Labor show that, since the middle of 1923, the number of persons in insured employment in Great Britain has increased 8.4%. There have been increases in employees in 71 industries covering over 65% of the total insured working population, decreases in only 29 industries. The silk and rayon industry heads the list with an increase of 103.4% over 1923.

The general tendency has been toward an increase in distributive trades and industries producing for the home market, a decline in the heavy industries and export trades. While the number of workers in cotton textiles has decreased by about 1%, in wool textiles nearly 8%, boots and shoes 2%, coal mining about 11%, dressmaking and millinery 11%, iron and steel over 12%, shipbuilding over 20%, railroad workers 25% and national government work over 30%, the number employed in state railway and bus operation has increased nearly 47%, in the distributive trades over 36%, in furniture-making and upholstering 33%, hotel, boarding house and club services over 30%, automobiles and aircraft nearly 30%, laundries, cleaning and dyeing 29%, local government employment 22%, building 21%, printing and publication 17%, and professional services 14%.



There is even some evidence that employment in some of the depressed industries increased during the year ended October, 1929. The number of *unemployed* in coal mining declined about 114,000 while the number *employed* increased over 72,000. People are constantly leaving the coal mining industry for other work, but these figures indicate that three-fourths of the decline in the number of unemployed represents not an exodus from the industry but a real increase in its activity.

In the rest of the industrial field the number of unemployed declined 35,500 in this period but the number of employed increased 253,700, which means that nearly 290,000 more workers were employed this year than last. Only about 85,000 of these are accounted for by increases in the iron and steel, shipbuilding, textiles, engineering and transport industries. The remainder of the increase is due to the growth in the number employed in distributive trades, local government, building, paper and printing, motor vehicles, electric trades, furniture and woodworking, laundries and dry cleaning, pottery and glass, food, drink and tobacco. Yet in nearly all of these newer trades where there was an increase in the number at work there was also an increase in unemployment during this past year.

These figures indicate that the so-called depressed industries of Great Britain have been gradually re-absorbing their unemployed labor without as yet generally making any net addition to their personnel. The newer industries have been attracting a larger amount of labor than they could absorb, as expanding industries do when the labor market is full. In short, in describing the situation in Great Britain, it is more accurate to say that unemployment in the depressed industries has been decreasing than it is to say that employment in them has been increasing; and, likewise, to say that in the newer industries employment has been increasing rather than that unemployment is decreasing.

◆

How Easy Is Money?

IS business being aided or stimulated by easing in money rates?

Yes, but, according to actual figures, not to such a large extent as optimists say.

Smaller businesses are receiving practically no aid. Larger and better known businesses are paying less for their money. Those who can borrow needed funds in the open market are paying considerably less for them than a month or six months ago. Those who depend entirely upon the banks are paying almost exactly the same rate of interest they have paid for the last year.

Open market rates have been the more spectacular performers, dropping sharply in November and December, remaining about stationary in January. Call money charges now average between 4½% and 5% compared with 7% to almost 10% in 1929. Rates on prime commercial paper hover at 5%, with best names commanding a slightly lower figure. Charges were 6% and above for a good portion of 1929.

Time loans in the open market now cost about 5%, with some business being done at 4¾% and even 4½%. They stood at 8% and 9% during much of 1929. Bankers' acceptances, or bills, are 4%, with some business being done at as much as ¼% under this figure. Bill rates were above 5% a few weeks ago.

But a study of rates charged customers by banks tells a different story. Six per cent is the standard the country over, with more deviations above this level than below it. Up to the first of the year there was very little change from the latest complete figures collected by the Federal Reserve system.

Prime commercial loans cost 5½% to 6%. There has been a fractional decrease in New York, where incidence of the easing was strongest. Only very small fractional changes, if any, took place in other regions. Loans secured by prime stock exchange collateral commanded 6% to 7%, exactly the same rates as were charged throughout 1929. Only in some portions of Texas were funds for this type of loan available at below 6%. There, some business was done at 5¾%.

Rates on loans on commodities in warehouse are the same. Six per cent is the prevailing level. In New York, Kansas City, Minneapolis and Atlanta some loans dip down to 5½% and 5¾%, but this is unusual. Rates on interbank loans showed little change either, with 1929's steady level of 5¼% to 6% prevailing.

Survey of more than 25 cities fails to show any marked lessening in rates charged customers by banks. The 8% of many months past is still a common figure. Six per cent is the prevailing rate, with only the most privileged customers obtaining the 5½% to 5¾% low at which some loans are made.

Some decline from these levels is taking place at the present time, but such movements are largely fractional.

The banks will complete two jobs before their extensions of credit become much more liberal. First funds coming to hand are being used to get out of debt to the Federal Reserve. Investment portfolios, which were badly depleted during 1929, must be restocked.

The first objective is being rapidly reached. Discounts with the Federal Reserve have been cut in half in the past two months. Investment portfolios are being restocked, but progress is slow.

The League—And Russia—Consider the Farmer

WHEN something annoys enough people in the world the League of Nations begins to take it up seriously. The League is worrying about textiles and coal, depressed industries in every country. Through its committees, or the International Labour Organization, it is making a world-wide investigation by questionnaire of wages, working conditions and other features of the textile industries in all countries. It is now holding a conference of employers, workers and governments on coal, to consider whether it may be possible to make an international agreement covering hours of labor and real wages among the coal-producing countries of Europe.

Now, too, the farmer is finally having his day at Geneva. Agricultural experts of over twenty nations, including the United States, have assembled to discuss the farm problem, upon which we have no monopoly.

Reports of the conference are interesting in connection with the Farm Board experiment. The delegates explain low wheat prices by the fact that production is increasing faster than population. This trend is aggravated by national tariff and subsidy policies. When the Farm Board was established, Germany, France, Italy, Poland and Portugal increased wheat tariffs to forestall anticipated government-aided dumping policies by the United States. When any country has tried subsidies or machinery to raise prices at home by selling surpluses abroad other countries have countered by higher tariffs.

Russia is not in these conferences. Her farm problem is different. She is trying to force farmers to raise more wheat and sell it at lower prices. To this end, the government is pushing its program of farm socialization with renewed vigor. The most important wheat-producing regions are to be completely socialized by the next harvest, in 1931—the rest by 1932. Expenditures this year on machinery and tools to be collectively used in these regions are increased from $135,000,000 to $250,000,000. The richer peasant farmers are to be eliminated by absorbing their land into socialized farms.

This is significant not only for the effect it may have on Russian farm production and our foreign agricultural market in the next few years, but because it is regarded as new evidence of the abandonment of Lenin's New Economic Policy of compromise with capitalism and of the determination to push the communist program first and hardest at the very point where Lenin failed —at the farm and among the peasants.

All God's Chillun Want Things

THE Department of Commerce has just issued a little publication with the staggering title, "What the World Wants." This is a selection from inquiries received at the Department of Commerce from all parts of the world for American goods—inquiries from persons who want to buy them or who want to sell them to somebody in their corner of the world.

It gives a stimulating glimpse of the breadth and variety of world demand for American products, and also of the opportunities that American manufacturers have to sell things in other places than the United States. For example: Somebody in Kirkentilloch, Scotland, wants some medium-priced lawn-mowers to be pushed by hand, presumably over golf courses; someone in Budapest, Hungary, needs small outboard motors; in Cape Town, South Africa, dry batteries are in demand and housewives in Hamburg, Germany, have a longing for electric dishwashers.

For some special reason there is a pressing demand in Rio de Janeiro, Brazil, for funeral hardware and, along with that, a call for empty tin tubes for tooth paste. In the quaint town of Offenbach, Germany, certain curious individuals urgently want some tanned crocodile skins. From Colombo, Ceylon, comes a demand for refrigerating plants for fishing boats, and in that remote corner, Singapore in the Straits Settlements, people want cardboard for shoe boxes but say nothing about shoes.

It appears also that a curious situation has arisen in Tegucigalpa, Honduras, where, along with a call for paper cups, napkins, and straws for soda fountains and ice-cream parlors, there is a pressing demand for tennis shoes, raincoats and blankets. The charming ladies of Milan, Italy, want some high-grade moccasins; the easy-going gentlemen of Valencia, Spain, some cigar lighters; the children of Frankfort, Germany, need from 3,000 to 4,000 toy rubber balloons. The athletic young ladies of Copenhagen want American lumber jackets in colors with zipper fasteners and in Mazatlan, Mexico, they have apparently run out of fancy perfume bottles.

In all this gay panorama of human wishes the only lugubrious note beside the call for funeral hardware from Brazil is a request for pyroxylin for casket coverings from Bishops' Crossing, Canada.

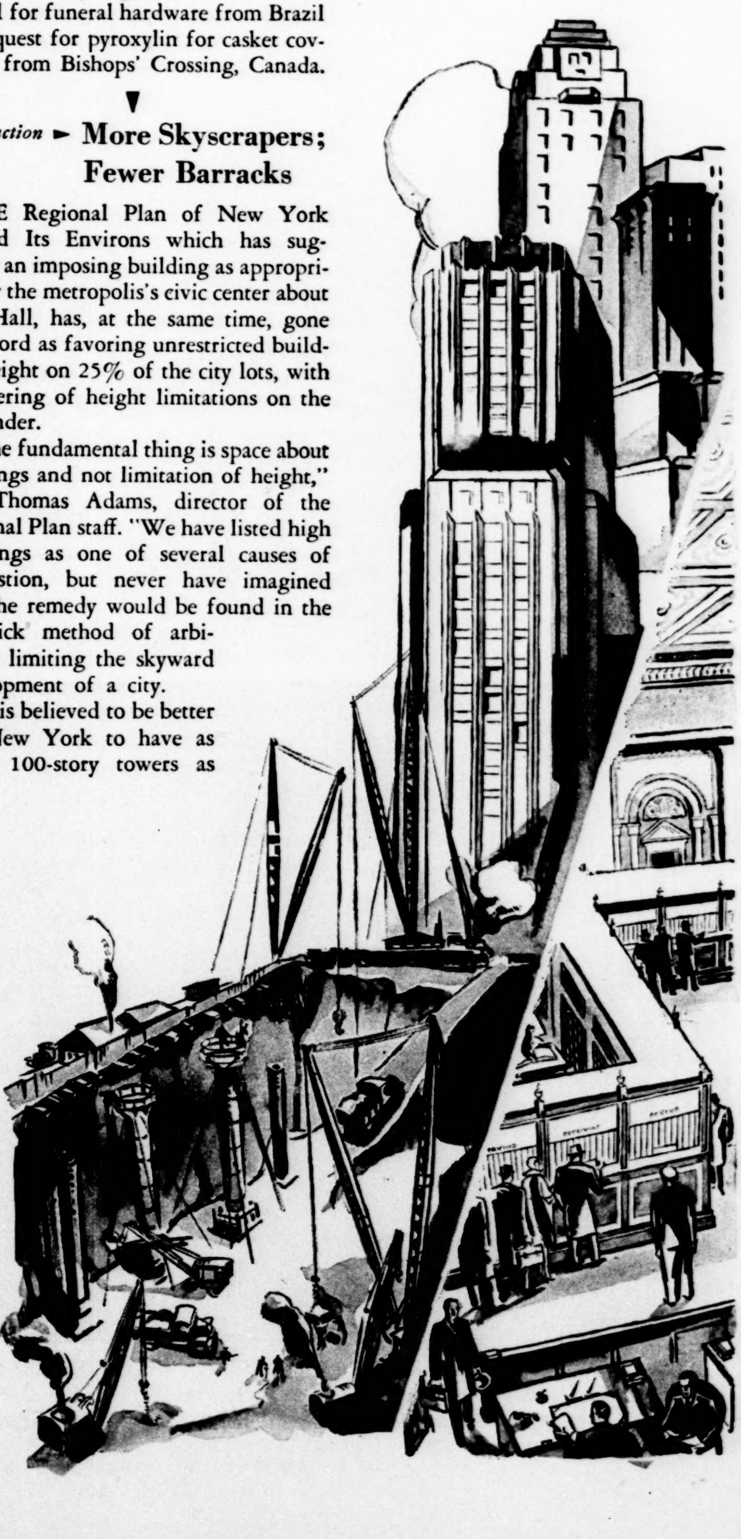
Construction ►

More Skyscrapers; Fewer Barracks

THE Regional Plan of New York and Its Environs which has suggested an imposing building as appropriate for the metropolis's civic center about City Hall, has, at the same time, gone on record as favoring unrestricted building height on 25% of the city lots, with a lowering of height limitations on the remainder.

"The fundamental thing is space about buildings and not limitation of height," said Thomas Adams, director of the Regional Plan staff. "We have listed high buildings as one of several causes of congestion, but never have imagined that the remedy would be found in the yardstick method of arbitrarily limiting the skyward development of a city.

"It is believed to be better for New York to have as many 100-story towers as possible. The more high towers that cover 25% of our lots the fewer 10- and 20-story buildings will cover 90% to 100% of them. Thus the 100-story building under the zoning law is less of a menace to the city's free movement and health than solid blocks of buildings under twenty stories."



Exports ►

Europe Now Joining Fences Against Our Products

Special Cable to The Business Week

RECENT European developments (THE BUSINESS WEEK, January 22) indicate that several countries which have, heretofore, been acting individually are cooperating to combat the sale of American products. While this action is being taken chiefly against automotive products and motion pictures, if successful, it is likely to include other American products which enjoy growing European markets.

By cooperation among European countries advantage is taken of the present American trade policy which permits no special arrangements with reciprocally most-favored nations. Subdivision of import tariffs and internal taxes into different categories designed to embrace typical American products permits, in effect, their segregation and subjection to higher tariffs. Again, the adoption of contingent import quotas may apportion equal quantities to all, but individual quotas more than adequate for possible sales from some countries may be only a fraction of the American requirements.

The president of the German automobile manufacturers association has announced that manufacturers in Germany, France, Belgium, Italy, Czechoslovakia and Austria have practically agreed to demand of their governments action embracing essentially these policies, penalizing American car imports by placing severe duties on all imports in excess of quotas thus fixed on European levels.

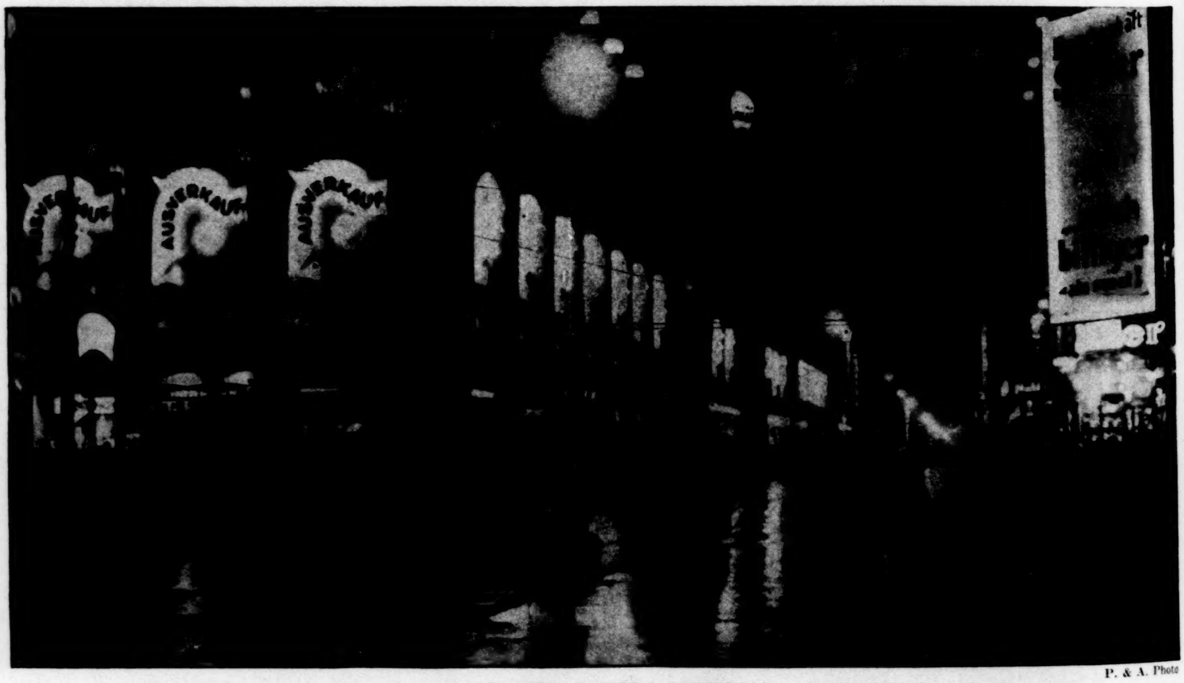
These practical discriminations against American products originated in Eastern Europe. In Czechoslovakia, for example, in addition to contingent quotas far below American sales possibilities, there are automobile duties and sales taxes based upon valuations which include dealers' commissions and all other costs incurred between factory and the frontier. These are highest for American cars and effectively double rates on them. Fictitious valuations arranged reciprocally with Austria, however, vary to 60% below domestic list prices.

In addition, the sliding scale of Czech duties is based on an arbitrary bore-and-stroke formula under which 80% of domestic automotive production is exempt from tax or receives the lowest rate. Ford cars, however, are taxed $105 annually, equivalent to the tax of a domestic 8-cylinder car. This practice makes the average tax on American cars about two and a half times that of other cars on the market.

Other instances of discrimination against American automobiles are found in Austria. The contingent quota of 300 cars annually is enforced rigidly against American importations; based on the same quota, some 600 Czech cars are admitted each year.

Evidence of such discrimination has long been available to the State Department but it has been reluctant to apply the retaliatory provisions of the present tariff law against these smaller countries. Now these same practices threaten to spread through Western Europe also. This situation raises the question regarding the adequacy of United States policies in enforcing the anti-discriminatory provisions of the tariff law.

American interests abroad are urging the formation of an American export association representing the entire automotive industry. And they say formation of dealer-organizations in important foreign markets would permit fighting of adverse and discriminatory legislation by domestic interests.



P. & A. Photo

JANUARY SALES IN BERLIN

Tietz of the Doenhoffplatz lights up his big department store for the new year clearances, which are a seasonal shopping feature in Germany as they are here. He operates branches throughout the city

Distribution ► Theatre Tickets Made Returnable

DISTRIBUTORS of such widely differing commodities as magazines and newspapers, bread and bakery products, milk, eggs, mayonnaise and dated coffee have all been interested in recent negotiations between New York's theatre managements and ticket brokers. All these commodities, like theatre tickets, become worthless unless sold promptly. Who should "hold the bag"?

For many years the ticket brokers have been forced to take and pay for their allotments in advance.

Naturally, the brokers have protected themselves. The unit in the chain of distribution required to absorb the fluctuations of unpredictable demand must exercise freedom of price-setting. The only way to play a game of chance is to make enough when your luck is good to outweigh your losses when it isn't. "All the traffic will bear" for popular shows, and "sell off to cut-rate houses" for doubtful ones has been the brokers' policy to protect themselves.

Now the game is to be played differently. The tickets are to be given to the brokers on consignment. They are to add a flat 75 cents to each ticket and return those not sold. The managements and the actors are to "hold the bag."

Distribution ► How a Buying Merger Works

MERGER of the Newark Drug Exchange and the New Jersey Wholesale Drug Company (also of Newark), negotiations for which started a year and a half ago, will combine the buying of 460 retailers in North Jersey who have been stockholders in the two mutuals located in Newark. The combined total of purchases will be $3,000,000.

The merger will follow an unusual plan of operation. All druggists desiring to purchase goods will be required to buy company stock at $100 a share up to the amount of one week's purchases. Members must pay for merchandise every Thursday. Goods will be sold at cost plus 5% for proprietaries, plus 10% for all other merchandise. The percentage above cost pays for the operation of the mutual and may provide a merchandising department to handle window trimming selling campaigns.

Underwood & Underwood Photo

ALL LOWER BERTHS

The Bureau of Fisheries has just put into service a new all-steel car for the transportation of young fish. Resembling a Pullman, the car is fitted with tanks which will contain half a million fish. The Bureau's superintendent of distribution, E. C. Fearnow, is examining some of the tanks

Distribution ► Wholesale Grocer Forms New Type of Chain

BY way of keeping step with the new trends in distribution a wholesale supply house in Chattanooga has organized a group of retail grocers into a cooperative store group known as the Volunteer Stores, Inc. Stock in the corporation is held by the outstanding retail grocery merchants of the vicinity and the wholesale supply house.

The Board of Directors will have 4 members elected by the merchants and 4 by the wholesale house. An advertising committee of five retail merchants will act in an advisory capacity.

Retailer-members contract to confine their grocery purchases to this one source, while the wholesale house limits its net earnings on sales to the Volunteer Food Stores to 1½%. Any percentage of profit over that will be refunded annually.

Groceries make up only 35% of the retailers' sales. Members of the supply house, with the assistance of the advertising committee, act in a contractual capacity to purchase the other 65% of required merchandise.

By paying an advertising fee of $3 a week, each retailer gets the benefit of the group advertising amounting to $400 a week, spent on newspaper space and posters. Merchandising is superintended by an experienced chain store man.

P. & A. Photo

HIS OLD JOB

Police Commissioner Grover Whalen, once a department store executive, has established a complete store at the Police College for the benefit of New York's finest

Wide World Photo

THEY'LL COUNT UP INTO THE MILLIONS

Robert P. Lamont, Secretary of Commerce, confers with the Director of the Census Bureau, William M. Steuart, on plans for taking the 1930 census. The count will begin April 1, with 100,000 enumerators at work. It will be completed in about a month

Construction ► New Instalment Plan for Home Building

A NEW and ambitious plan for building homes on part-payments has just been put to work by Sears, Roebuck and Company. Construction will be handled by 48 offices of the new building division in strategical cities located along the Atlantic Seaboard and in the Middle West.

For years this concern has been active in home-building but the new plan increases the percentage loaned and extends the time for payment. Formerly 60% of the cost was carried by the company; the loan had to be wiped out in 5 years. Now Sears, Roebuck and Company puts in up to $3 for every $1 by the home builder. Payments, which start 4 months after the transaction is begun, can be extended over 15 years. As security for the 75% loan the company takes a mortgage on the house.

The home-builder pays 6% for the money advanced plus a definite amount for retiring the loan. Total required per month is $8.56 per $1,000. No special financing company has been created to take care of this paper. The company which did a $440,000,000 business last year feels competent to carry the burden without strain. Experience shows that people are interested to pay off debts on their homes.

Sears, Roebuck will be in friendly and constant touch with these customers for 15 years (if they take the limit of time). New homes are the greatest possible stimulant to buying. Here the company has a tremendous potential market for the 35,000 articles so enticingly listed in its famous catalogue.

Before this new service was inaugurated the company had nothing to do with the labor used in putting up houses from materials it sold. Now it will not only sell the materials but will supervise through experts the entire construction. This will be done by hiring the labor or through contractors, according to local conditions.

Sears, Roebuck does not sell sectional buildings (except garages). What it sells is standardized joists, studding, windows, doors, etc. These are made into houses on the owner's lot. Parts are cut by the thousand in plants with power machines. In addition to the saving in labor, there is an 18% economy in lumber. Total savings claimed in 290 houses built experimentally under the new plan run from 10% to 23%.

The company has 100 designs from which one may select a home without having to pay for the plans. Builders may have their own plans prepared and may depart from the standardized parts but the cost is higher.

Construction ► New Recruits For Welding

CONSIDERABLE impetus to welded building construction is expected to be given by announcement that two new office buildings and a city hall are to be erected by this method: In Boston, the Boston Edison Company's 14-story office building, 60 feet wide and 112 feet deep; in Los Angeles, the Southern California Edison Company's 13-story office building, 180 feet by 180 feet; in Schenectady, the new $1,500,000 city hall.

Heretofore, such welding has been confined chiefly to factory buildings. Largest built is General Electric factory in West Philadelphia. Cost of welded buildings is not always less than that of other types as welding methods are still incompletely developed. But they use less steel and the absence of construction noise is an important advantage.

P. & A. Photo

JOHN A. BUNNELL

The new president of the Chicago Board of Trade, who succeeded Samuel P. Arnot, left, on January 13

International Newsreel Photo

GOLD OF THE INCAS

The ancient Peruvians buried their treasure when they were conquered by the gentle Spaniards, but Albert V. Rosell, himself of Incan descent, says he knows where it is. He has sailed from New York, backed by Detroiters, to dig for it about 28 miles from Cuzco, Peru. In what direction? He sayeth not

Aviation ► If Rates Go Down, Will More Go Up?

STARTLING to the public are the air travel rate reductions of the last month, climaxed by Aviation Corporation's reductions of nearly 50%. Anxious are the railroads whose lines parallel air routes where reduced rates are actually less than extra-fare railroad plus Pullman rates. Anxious are air line operators who see failure ahead unless new rates bring heavy traffic increases, needed profits.

Four main line units are affected by Aviation Corporation's announcement—Colonial Air Transport, operating from New York to Boston and to Montreal; Universal, flying thousands of miles daily with Chicago and St. Louis as hubs; Southern Air Transport, centering in Texas; Embry Riddle, operating between Chicago and Cincinnati.

Rates had previously been reduced on Baltimore Airways, T. A. T-Maddux, Western Air Express, and Southwest Airways Fast Express. Traffic stimulation is already obvious. Operators are hopeful.

Utilities ► Biggest Gain In Industrial Heat

INDUSTRIAL electric heating is increasing faster than any other class of central-station business. Recent surveys disclose revenue from this source in 1929 more than $70,000,000. Fourteen representative electric utility companies report 104% gain in this field during the last four years. Four of these firms now sell 16% to 30% of total energy output in this way.

Added effort is planned to promote use of electric heat industrially. Utility leaders urge organized heating surveys, market analysis, suitable rate structures, and campaigns of education to emphasize advantages over other industrial heating methods.

Underwood & Underwood Photo

HE'S A '29ER

Harry Oakes of Niagara Falls, Canada, discovered a gold mine on his timber lands in Canada. It is said to yield him an annual income of $1,000,000. He is now at Palm Beach

P. & A. Photo

NEW TARIFF HEAD

Dr. Edgar B. Brossard of Utah, a member of the Tariff Commission since 1925 and recently appointed its chairman, succeeds Thomas O. Marvin

Steel ► Claim $1-a-Ton Cut By New Machine

THE steel industry is on its toes. After years of lassitude the past few have seen notable developments in processes and equipment. Now comes another—a centrifugal billet casting machine—claimed to substitute an investment of $750,000 for one of $2,500,000; to lower operating costs from $4 to $5 per ton of steel; to provide 15% increase in plant capacity.

The new machine, invented by Leon Cammen, is a steel drum capable of rotating at tremendous speeds. Molten steel is poured into the drum while it is rotating and centrifugal force throws the metal to the sides where it solidifies into curved slabs ready for rolling mills. The tremendous force exerted by the flying drum properly works the metal so that the usual steps of ingots, soaking pit, blooming mill are eliminated. In a machine demonstrated a few days ago the 7-foot drum rotated 5 times a second, developing a speed at the perimeter of 105 miles an hour.

While centrifugal casting is not a new process it never has been used in such severe work. The development of roller bearings which would carry the 35-ton weight at such high speeds has made possible the new machine.

International Newsreel Photo

SHOES BY RADIO

Salesmen in a Regent street shop, London, speak the size and number of shoes desired into a microphone. A loud speaker in the stock rooms picks it up, and the shoes are hurried into the salesroom on an endless chain

Railroads ► Weather Clouds Holiday Results

RAILROADS now checking on results of efforts made to increase holiday travel (special low fares and "gift" tickets) find reports confusing. Snow-blocked highways complicated results, but all railroads out of Chicago, regardless of whether they made any special attempts to increase business, report substantial improvement over 1928 holiday traffic.

One road, operating east from Chicago, not a party to the low fares, reports 50% increase in Chicago ticket sales, while sales on a comparable eastern line increased only 6%. In contrast, a road running west of Chicago, with low rates, had a 25% increase in Chicago ticket sales. Maximum improvement reported by any of the lines operating from Chicago on the low rates was 41%.

New to railroad practice was the sale of tickets as Christmas gifts by the Pennsylvania. These, appropriately decorated with holly, included transportation and Pullman accommodations between any two points on the system.

Textiles ► Garment Retailers Make These Fashions "Official"

HERE, at last, is the real "low-down"—from the Garment Retailers' Fashion Show in New York last week—on what is going to happen to fashions.

Cotton, once a lowly fabric, is struggling upwards to the levels of the more luxurious silks and satins. Headliners at the show were dotted Swisses with ruffles and capelet sleeves for tea-time wear, eggshell batiste frocks with organdie ruffles, a sophisticated white cotton net with black Chantilly lace for the afternoon, and a semi-formal white organdie trimmed with white cotton lace and decorated with blue and rose ribbons. But most startling was the use of printed cotton net for a fashionable evening gown. As usual, piques and broadcloths are the things for sportswear, with accessories of bright colored cotton.

The pajama has definitely come out of the boudoir, and may no longer be classed as "intimate" or as "underthings." Elaborate designs for drawing room or tea table were shown, and extraordinarily bright combinations for the beaches.

The new waistlines for gowns and suits seem to be satisfactory so long as they are conspicuous and out-of-the-ordinary. Featured ones are very high and closely fitted with belts, or very low and unevenly drooping over the hips, without belts. The prime requirement is fit.

The new silhouette appears to have come to stay—that is, as long as the dress manufacturers and retailers let anything stay. The close-fitting feminine lines have won the day despite the wails of the emancipated women that they will never go back to the long skirt. The models shown, which women will wear this spring despite their clamor, are from 4 to 10 inches below the knee for informal, and down to the instep for formal wear.

Popularly speaking, the manufacturers consider that "everything is jake." The silk people beam visibly, because each new style skirt means a yard and a half more material than the old style. The cotton people are happy because of the increasing popularity of their product. As conspicuous waist lines gain in favor, or as women are compelled to use them, the leather industry gleefully anticipates more belt business. There is, in fact, brightness and good cheer among all the garment and fabric manufacturers, and the dress and accessory retailers.

P. & A. Photo

AIRPORTS OF ENTRY

Six have been established on American borders. One is at Los Angeles, where passengers from Mexico are greeted by customs and immigration officials exactly as at the steamship docks

Railroads ► I. C. C. Puts Its Plan to Work

DEVELOPMENTS in rail consolidation since publication of the Interstate Commerce Commission's plan six weeks ago have been more interesting than important. Lacking new law, progress can be made only under that part of the I. C. C. Act permitting acquisition of stock control subject to the commission's approval.

By requiring the Baltimore & Ohio to sell its controlling interest in the Western Maryland, the commission itself has taken the first step in developing its plan. As the Western Maryland is part of the Wabash-Seaboard system, with the Pittsburgh & West Virginia, the commission may now give the latter a hearing on its application to buy the B. & O. holdings. In that event, the question as to the Pennroad Corporation's reported control of the Pittsburgh & West Virginia may be considered. Since the Pennsylvania bought into the Wabash and the Pittsburgh & West Virginia to block a fifth system rather than to use the lines, it may be willing to dispose of its holdings, inasmuch as the commission has made a fifth system part of its plan.

Railroads ► Will Truck For Competitors

IN another of the sudden and sweeping actions for which they are noted, the Van Sweringens startled officials of railroads entering New York in competition with the Erie by acquisition this week of the United States Trucking Corporation, an organization which does most of the railroad trucking within the city.

This move places the Van Sweringens in a position to scrutinize the flow of New York traffic through competing lines. It also makes possible the granting of better rates to Erie shippers because the Pittston Company (Van Sweringen holding organization which acquired the trucking firm) is not subject to the Interstate Commerce Commission. Contracts between the Pittston Company and the Erie would be subject to the commission's approval but it is felt there would be nothing to prevent the holding company following policies of its own favorable to the Erie.

International Newsreel Photo

THEY GET PAID FOR THIS

However, that's in Australia. They are professional wine tasters working at their profession in Sidney. After tasting quite a bit of it, they said that Australian wine was equal to any in the world

Agriculture ► Changing Demand Reflected In Farm Animal Census

FARM animal population figures, published by the Federal government each January, reflect shifts in farm affairs of basic significance.

Deflation since the war has been most keenly felt by beef cattle. Even horses on farms, in the face of competition from automobiles and trucks, have declined in numbers no more rapidly than have beef cattle. In each case the drop has been about one-third in 10 years. At the beginning of 1929 there were 14,000,000 horses on farms as compared to 21,600,000 in 1918, the high mark for all time. There were 23,800,000 beef cattle; in 1919 there were 36,200,000. The high point was 43,700,000, reached in 1894.

Greatly reduced supplies of the last three years have brought high prices. High prices tend to encourage production. It is to be expected that the trend of beef cattle population will swing upwards again. But per capita consumption of beef has been declining.

Most startling increases in farm population have been in sheep, up almost 10,000,000 in the past five years. This has been both a result and a cause of increased retail sale of lamb. Within the past year the organized sheep industry found it advisable to undertake systematic educational work to increase retail sale of lamb. Some progress is noted, but increased per capita consumption of pork has made up for much of the decline in beef-eating not attributable to dieting

International Newsreel Photo

DAVY JONES' LOCKER

With this instrument, the fathometer, Dr. Herbert Grove Dorsey of Washington, inventor and electrical engineer, may find it. The fathometer, recently installed on ships of the Geodetic Survey, measures ocean depths by means of echoes. The method is said to be the most accurate yet discovered

Keystone View Photo

ON THE BANKS OF THE WABASH

In flood near Vincennes, Indiana, the river threatened U. S. Highway No. 41, the through concrete route from Chicago to the South. H. C. Offutt, district superintendent of the Indiana State Highway Maintenance Department, directed the placing of sandbags in an effort to prevent the inundation of the road

and to a preference for fruits, vegetables and dairy products.

Milk cows have declined in numbers slightly, averaging about 1% a year, but the average cow has so increased her efficiency that milk production totals considerably more than it did 10 years ago. There is over-production of milk today. Butter is now selling at the lowest levels for many years, despite numerous strenuous campaigns to increase its consumption.

The year 1929, by the hog cycle chart, should have been a year of rising prices and declining numbers of hogs. Prices rose as expected, but hogs did not decline proportionately. A strong export demand, together with increased per capita consumption of pork products at home, helped keep prices up. But the fact that government estimates of hog production were about 7% low helped too. Packers bid up the markets more than they might otherwise have done and the two-year cycle was thrown out of gear.

Mule population, unlike that of horses, has been holding its own. In fact, it reached its all-time peak as late as 1926 with a rising demand in the South, where agriculture has been advancing rapidly and is less motorized. But mules have seen their heyday. The average farm horse, worth $100 ten years ago, is worth around $60 today. Mules will slip, too.

Government ► Consent Decree Must Go to Court

THE reply of the Department of Justice to the petition of the packers for a modification of their consent decree is a request that the petition be dismissed. This throws the matter into the courts for decision.

The five leading packers accepted the consent decree in 1920, by which they agreed not to engage in any retailing, and to withdraw from the handling of any foodstuffs other than packer products—meats and their by-products. Last August, Armour and Swift petitioned the Supreme Court of the District of Columbia for modification of the decree on the basis of economic changes since the decree was entered, pointing out that chain stores are doing packer business in direct competition with the packers unrestricted by decree.

The petition has the active backing of many farmers' cooperatives representing the packers' suppliers. Chain stores have kept strictly out of the picture. The American Wholesale Grocers' Association is actively opposing modification and has retained counsel to fight it through to the Supreme Court. (Cf. THE BUSINESS WEEK, Sept. 14, 1929.)

A long-drawn-out legal case is now in prospect. If the demurrers filed by the United States Attorney General and the American Wholesale Grocers' Association are sustained by the District of Columbia Supreme Court, the packers will probably appeal to the United States Supreme Court; if not, the case will be heard by the District Court on submission of evidence by both sides. The next step—the hearing of the District of Columbia court on the demurrers—will probably not be taken before the latter part of February or the first of March.

Distribution ► Food Buyers Like Small Quantities

PRACTICALLY ignored until recently, the demand for canned food products put up in small quantities has doubled in volume each year in the two years since the canners have made greater use of the No. 1, 8-ounce can. This demand comes from the large number of two-member families and from families in which consumption of such products is confined to the parents of young children.

The limited capacity of refrigerators and the prejudice of the housewife against "leftovers" has helped to establish the popularity of the No. 1 can and the experience of the canners demonstrates that the public is willing to pay a premium for the privilege of buying in such hand-to-mouth quantities, that products which stay on the retailers' shelves when packed in larger containers can be moved when put on in this size.

Railroads ► May Cut Debt of Canadian National

AFTER struggling for ten years under an inherited handicap of financial liability, the Canadian National Railway System may soon be placed on a financial basis which will enable a fair measurement to be made of its accomplishments. If present plans are followed, the Canadian government will submit to Parliament legislation providing for a recasting of the system's whole financial structure, involving the absorption of a substantial part of the excess debt of the railways.

Total liabilities of the system amount to about $2,213,000,000, of which some $600,000,000 is in loans from the Dominion government, about $260,000,000 unpaid interest on these loans. The government took over the roads ten years ago and, contrary to the general practice in private business, continued to charge interest on the debt.

Of a $2,213,000,000 total, there is owing the government something like $1,296,000,000. If this indebtedness were obliterated, the capitalization of the system would stand at about $1,000,000,000, which corresponds fairly well to its earning power and physical value.

It is not likely that the whole of the indebtedness to the government will be wiped out. The government isn't certain that it wants the system to make a considerable profit. If it did, there would be a clamor for political rates from one end of the Dominion to the other, to say nothing of an immediate demand for higher wages by employees.

Wide World Photo

ELECT ARCHITECT

John C. Austin now heads the Los Angeles Chamber of Commerce. He has his hand on a model of the Los Angeles City Hall, which he designed

Mexico ► Foreign Firms Must Register

MORE trouble lies ahead for American concerns doing business in Mexico according to a recent decision of the Mexican Supreme Court. In an appeal made to the Court by the Palmolive Company in a trade mark infringement suit, it was held that, because the company was not registered in the Mexican Commercial Registry, it had no judicial standing.

To bring suit, foreign companies must comply with Article 19 of the Commercial Code which makes registration obligatory upon all mercantile companies. Exact reading of Article 19 seems to make it applicable only to foreign companies establishing branches or otherwise carrying on business in Mexico.

Canada ► Await Our Tariff Before Shifting Trade to Britain

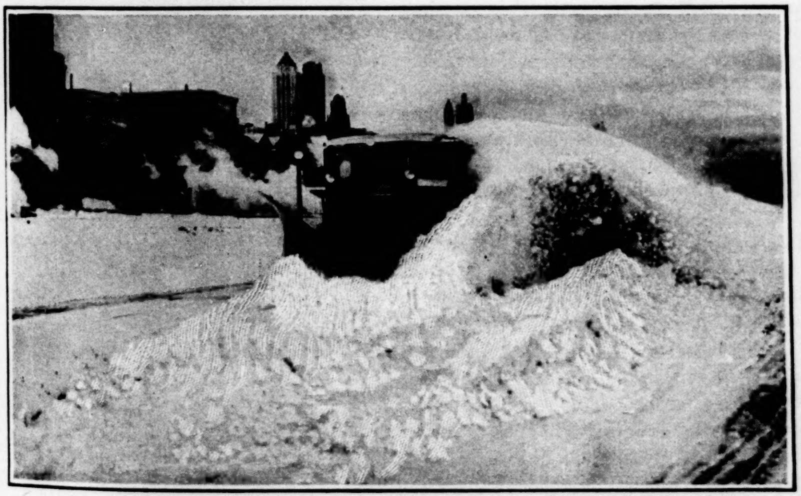
CANADA'S attitude toward tariff revision and trade matters in general is epitomised in two recent statements by Mackenzie King, Prime Minister of the Dominion:

"Trade within the Empire is one of the things we have our heart set upon."

"If the United States Congress eventually enacts a tariff measure prejudicial to the interests of Canada, the Canadian government will take whatever steps seem necessary to protect those interests."

The Prime Minister's views will unquestionably be reflected in the fiscal legislation which the King government will present to the Canadian Parliament when it convenes on February 20. Increases will be recommended in some of the schedules of the general tariff, which bear mostly on imports from the United States, and adjustments will be made which will enlarge the tariff preferences in favor of Great Britain. Unless imports from other sources are curtailed, extension of trade with Great Britain is not feasible. Since the bulk of Canada's imports comes from the United States, it is logical to transfer, by tariff increases, some of that trade to the United Kingdom.

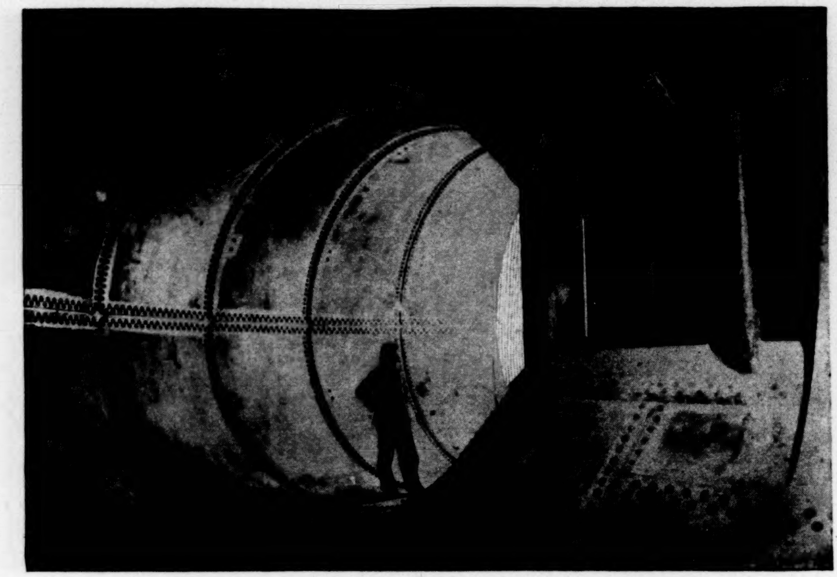
There is every reason to believe, however, that tariff adjustments at the coming session of Parliament will be confined largely to the steel and iron schedules, since it is this particular business that Great Britain is most anxious to obtain from Canada. Too, it is there that the greatest opportunity lies of transferring trade. Out of $902,000,000 of imports from the United States during the fiscal year which ended last November 30, some $313,714,000 was in iron and iron products. For several months the Canadian Advisory Tariff Board has been at work on new tariff schedules



Underwood & Underwood Photo

DIGGING OUT CHICAGO

Buses equipped with shovels and powered by 250 H. P. motors have cleared 1,800 miles of roads in and around Chicago since the recent blizzards. They also carry derricks with which to lift stranded automobiles from the drifts, and plow through the snow at 35 miles an hour



WHERE THE RIVER SHANNON WILL FLOW

Water from Ireland's famous river will pass through this giant pipe, 20 ft. in diameter, to the plant which will supply current for Irish Free State homes and industries at 2 cents per kilowatt-hour

covering all steel and iron products, and all of its hearings have been dominated by the idea of promoting trade within the Empire. The Board does not determine the new rates, but will make recommendations to the Prime Minister.

The extent to which Canada may carry tariff adjustment this year may be determined by several factors. The government may consider it wise to defer radical tariff revision until the whole question of ways and means of promoting trade within the Empire has been investigated by the statesmen of all British countries. Another factor is the domestic political situation. The 5-year parliamentary term expires in the autumn of 1931 and, while the usual custom has been to dissolve Parliament and seek re-election at the end of four years, the King government might decide to carry on for the full term. In a recent tour of Western Canada, the Prime Minister frequently said that the tariff would be the issue of the next election. It is conceivable that if the election is deferred, radical revision may be also.

But perhaps the most important factor is the tariff now pending at Washington, which hits agricultural products of Canada a severe blow. The nature of the tariff legislation submitted to Parliament may largely depend upon the action of the American Congress.

Radio ►
Four Sets in New Hook-up

THE R. C. A.-Victor Corporation has been organized to make radio sets on the pooled patents of the Radio Corporation of America, General Electric Company, and the Westinghouse Electric Manufacturing Company. Manufacturing, it is said, will be concentrated at the R. C. A.-Victor plant in Camden, N. J. General Electric and Westinghouse announce that set production in their factories will be stopped. This does not necessarily mean that General Electric and Westinghouse sets will no longer be made but that, if they are made, it will be in the R. C. A.-Victor plant.

Four natural channels of distribution will be available: General Electric Supply Company for General Electric sets; Westinghouse Supply Company for Westinghouse sets; Graybar Company for Graybar sets; the growing R. C. A.-Victor-owned national jobbing system for R. C. A.-Victor sets. Whether all will be used has not yet been announced.

In the meantime, there is general uncertainty in the radio trade. No one knows what is going to happen next. The air is full of conflicting guesses as to what decisions will be made before those decisions are actually reached.

Textiles ►
Bankers Operate on Lancashire Cotton

European Bureau
The Business Week

THE annual review of the Lancashire cotton trade, recently compiled by Frederick W. Tattersall of Manchester, shows that the industry gave an even worse account of itself in 1929 than in 1928. Example, the exports of cotton piece goods by from 75% to 85% of the trade during the year ending last November was approximately 180,000,000 of square yards less than in 1928. During the year, 129 cotton companies were liquidated, although 51 were liquidations for purposes of amalgamation. Bankruptcies and deeds of arrangement numbered 54, and 98 companies arranged mortgages, debentures or general charges amounting to £6,700,897.

In Lancashire, King Cotton is ill to the point of death, but there are already signs of renewed vitality, due to the attentions of skilled bankers and economists. The most encouraging sign was the formation of the Lancashire Cotton Corporation in 1929 to amalgamate mills. It was backed by the banks which have long been carrying cotton enterprises. In nine months, the Corporation has examined some 200 concerns, and has made offers of absorption to 135. Seventy-one companies, controlling 6,750,000 spindles and 20,000 looms, have agreed to join the Corporation.

International Newsreel Photo

BUSINESS AS USUAL

Michael P. McLaughlin, newly appointed Police Commissioner of Providence, R. I., has operated a metal shop in Providence for many years

Banking ► National City Now World's Largest

NATIONAL CITY BANK OF NEW YORK—the world's largest! The hope that died with failure of the Corn Exchange merger rose triumphant with publication of year-end statements. The Midland Bank, Ltd., of England, which long held the pinnacle, was dislodged by a margin of $35,250,000, and the National City's total resources of $2,206,241,000 stand alone. National City's rise to this premier position came through a growth of $164,000,000 in assets during the last six months of 1929. During the same time the British institution lost $142,000,000 of resources, dropping to $2,170,000,000. Guaranty Trust hangs close on the heels of the leaders with resources of $2,017,000,000. The British bank has one consolation left—its deposits still exceed those of National City, $1,834,000,000 against $1,649,000,000.

This year-end report of the latest American prodigy shows other figures to emphasize its hugeness. "Owners" number 62,868 as compared with 18,402 a year ago. New stockholders were added in the bull market, small investors were attracted by a reduction in par from $100 to $20 with 1929's stock split-up.

Radio ► What's Next On The Program?

THE radio industy, looking ahead to the immediate future, finds that the day of stampeding the radio public by new developments that make present receiving sets obsolete is definitely over.

A new home entertainment device, however, is on the horizon, the talking-movie-radio-phonograph combination, self-contained unit, with a 16 mm. projector synchronized with some means of producing sound (probably a record at first, and later a film), a radio receiver and electric phonograph. Sound reproduction for the pictures will take place through the audio-frequency amplifier of the radio set.

Receiving sets will be equipped with a tone or pitch control in addition to the ordinary volume control. Fewer mechanical tuning devices will be used. Remote control will be perfected. Battery-operated sets for farm and automobile use will be developed to a high degree of perfection.

International Newsreel Photo

AHEAD OF TIME

This new modernized, mechanized bakery at Gomel, Russia, is a sample of what the Soviets expect to do with all of their industries before the Five-Year Program is completed

Agriculture ► The Farm Income Leader Is Dropping Back into Line

FARM buying power is threatened by a serious drop in dairy income, a drop that may be prolonged. At this time of the year butter prices should be at their peak. But they are at the lowest level since 1922. For the first 15 days of January average price of New York 92-score extra wholesale butter, which is basic price used in the trade, was only 35.16, ten cents under the average for all of last year.

There is an over-supply of butter in storage because there is excess butter production. Butter is the safety valve of dairying. Because it admits of long storage, it is the form in which most surplus dairy production goes to market. Usually around 10% of the total annual butter production of 1,500,000 pounds is in storage by October. This year it was 12%.

The unusual slowness with which butter has been moving out of storage and the threat of continued surplus milk production, especially in the East, has disturbed things seriously. History indicates that butter prices do not rise in spring and summer. If the 35-cent level continues for a month or two more it is pretty sure to last most of the year, with whole milk prices declining in sympathy.

What is happening is that dairy income is being brought back into line. Though never excessive as compared with costs of milk production, dairy income has for several years been relatively better than any other main source of farm income. Because it is cash income, weekly or monthly, farmers, backed by business leaders, have sought to develop it with especial eagerness and the dairy industries have sponsored several very active organizations devoted to the purpose of increasing consumption of their products.

There has been a 50% increase in total milk production in only 8 years in spite of an average 10% a year decline in cow population. Consumption has mounted handsomely, but not quite enough. Butter, the safety valve, is now wide open. Escaping steam is stirring up considerable commotion and scalding some.

But the situation has in it elements needed to right itself in a hurry. When cream checks dwindle many cows will go to slaughter in a hurry and it is likely that dairy income will stabilize at levels which, while lower than those of recent years, will appear to be somewhat higher than price levels of other main farm crops.

Swift Survey of Business Abroad

EUROPE

By Special Cable to
The Business Week

ALL Europe anticipates a business revival following six months of uncertainty culminating in the auspicious settlement at The Hague, concurrent with low world money rates. The probable infusion of international capital is welcomed. With difficulties over reparations problems in Eastern Europe ironed out, the way is prepared for regular and more active trading despite the economic weakness of some countries and unemployed surpluses in others.

Observers cite as favorable factors—recent systematic development of industrial and business organization, the extent of physical productive equipment, the degree of operating efficiency, last year's record industrial and agricultural trade volume, public purchasing power and wages—generally higher than ever in history. Because volume and flexibility of credit are not commensurate with the business expansion of the last three years, it is considered the single dominant factor entailing danger and partial business relapse.

By Special Cable to
The Business Week

***Great Britain*—**Year's trade deficit is 8% greater than 1928 due to higher imports of industrial raw materials and relatively smaller expansion of exports of manufactures. Coal shipments, however, increased, nearly equalled value of outgoing iron and steel goods; and exports of shoes, paper, motorcycles, and automobiles established records. Textile exports fell below last year's slump.

Recent improvement of business is mirrored in economists' tabulation of 400 companies which showed increased profits in the last quarter, notwithstanding some large failures and the stock crash. These tabulations also indicate the tendency to increase dividend distributions, preferred dividends averaging 5½%, common 10½%, and debentures 5%. Cabinet Minister Thomas intimates that the City and Bank of England are prepared to finance deserving industrial rationalizations, a move which implies a reversal of policies.

By Special Cable to
The Business Week

***France*—**American oil interests active in the French market plan cooperative program to distribute effectively behind the rising protective tariff. Plan allocates to Gulf Oil, 25% participation; to Atlantic, 15%; to Standard, 60%. Each will observe these quotas in furnishing crude oil for refining and distribution.

By Special Cable to
The Business Week

***Germany*—**Year's favorable trade balance of $12,000,000, just announced, compares with a deficit of $300,000,000 last year and $500,000,000 in 1927. The favorable balance is due chiefly to the enlargement of exports, which is an indispensable offset to reparations outgo. Rapid expansion of French short-term credits is noted. Railways, allocated to the government by Hague agreements, expect to benefit by a lower loan rate than was obtainable independently. Automobile tire quotas in the German market are allocated: 13% participation to the United States; 45% to Continental exporters; 26% to German Dunlop; equal participation in the balance to six others. The Soviet tire trust is left out. Completely reorganized, Opel-General Motors resumes production.

By Special Cable to
The Business Week

***Holland*—**Rubber restriction again attempted. Fresh plan advanced as basis for discussion with representatives of British rubber interests proposes establishment of a participating fund—planters contributing 20 guilders per ton, natives two Dutch cents a kilogram—the rated production contributions to be confiscated if the prescribed quota is exceeded.

By Special Cable to
The Business Week

***Austria*—**Deep satisfaction and relief follow announcement of annulment of reparation obligations, opening the way for $100,000,000 construction loan which will give country fresh start industrially.

By Special Cable to
The Business Week

***Hungary*—**Business men are satisfied with the settlement whereby reparations will be devoted to reimbursement of owners of sequestered agrarian property in ceded territories until 1943, when further reparations will represent only 1% of the budget.

By Special Cable to
The Business Week

***Scandinavia*—**In Sweden the discount rate is reduced; industrial activity continues on top of record year, with highest postwar trade balance.

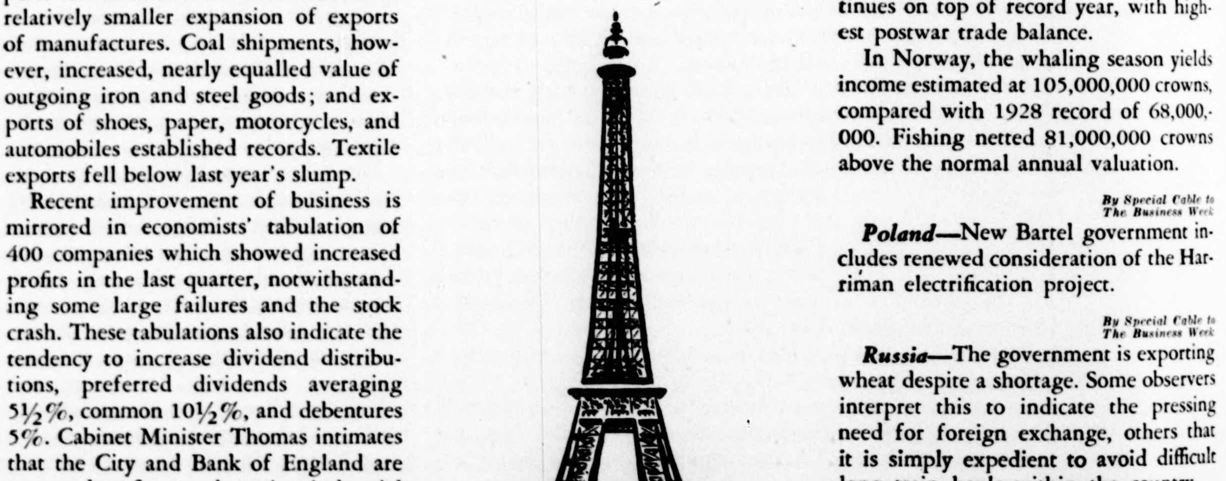
In Norway, the whaling season yields income estimated at 105,000,000 crowns, compared with 1928 record of 68,000,000. Fishing netted 81,000,000 crowns above the normal annual valuation.

By Special Cable to
The Business Week

***Poland*—**New Bartel government includes renewed consideration of the Harriman electrification project.

By Special Cable to
The Business Week

***Russia*—**The government is exporting wheat despite a shortage. Some observers interpret this to indicate the pressing need for foreign exchange, others that it is simply expedient to avoid difficult long train hauls within the country.



What the Figures Show

FIGURES OF THE WEEK

PRODUCTION	*Latest Week*	*Preceding Week*	*Year Ago*
Steel Mill Operation (% capacity)	69	66	84
Building Contracts (F. W. Dodge, daily average in thousands)	$14,162	$15,590	$14,994
Bituminous Coal (daily average, 1,000 tons)	* 1,857	‡ 1,873	1,945
Petroleum (daily average, 1,000 bbls.)	2,662	2,689	2,644
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	144	155	152
Check Payments (outside N. Y. City, millions)	$ 5,699	$ 7,417	$ 6,439
Wheat Receipts (1,000 bushels)	4,591	4,026	4,506
Cotton Receipts (1,000 bales)	194	296	242
Cattle Receipts (1,000 head)	* 190	‡ 177	188
Hog Receipts (1,000 head)	* 706	‡ 670	809
Wool Receipts (1,000 lbs.)	2,990	5,458	3,485
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.18	$ 1.21	$ 1.14
Cotton (middling, New York, lb.)	$ .174	$ .173	$ .204
Iron and Steel (composite, ton)	$35.36	$35.60	$36.25
Copper (electrolytic, lb.)	$ .178	$ .178	$ .165
All Commodities (Fisher's Index, 1926-100)	93.2	93.1	97.2
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,877	$17,060	$16,186
Commercial Loans, Federal Reserve member banks (millions)	$ 9,044	$ 9,173	$ 8,731
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,341	$ 3,365	$ 5,443
Federal Reserve System Ratio	76.3	75.4	69.3
Stock Sold (N. Y. Stock Exchange, 1,000 shares)	13,020	11,497	23,567
Stock Prices (N. Y. Times, average 50 stocks)	$206.89	$206.19	$233.12
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$46,691	$48,963	$56,107
Bond Prices (Dow, Jones, average 40 bonds)	$ 94.13	$ 94.21	$ 96.08
Interest Rates—Call Loans (daily average)	4.5%	4.6%	7.2%
Interest Rates—Time Loans (daily average)	4⅝-4¾%	4¾%	7¾%
Business Failures (Dun, number)	638	732	583

*** Preliminary**
‡ Revised

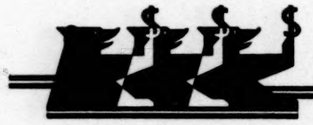
THE latest records, mostly for the middle weeks of January, lend additional support to the view that business decline is being checked and that a definite upturn is not far off. As is usual, strengthening is becoming most apparent first in basic industrial activity, while general trade is still somewhat slack.

Steel mill operations showed a further fairly sharp increase of about 4% for the week. The average for the industry is slightly above 69% of capacity compared with a little less than 66% the preceding week and 84% last year at this time. The Steel Corporation's operations jumped more than 5%, from 67% of capacity to 72%, as compared with 85% last year. Independents are at 67% compared with 64% a week ago and 82% a year ago. Steel demand is quite varied, for quick delivery and immediate consumption, with special strength in rails and structural steel. Sheet production is increasing with a moderate growth in automobile production schedules. Steel activity is not so well distributed geographically. Chicago and the middle western districts are increasing operations most rapidly.

BUILDING is clearly moving toward somewhat higher levels. The daily average of general contract awards, though below the preceding week, is not far below last year's level at this time. It is significant, however, that the daily average rate so far in January is about 23% above the daily rate for December. This reflects chiefly increased activity in the metropolitan district of New York and probably in lighter types of construction. The *Engineering News-Record* figures for the week ending January 23 show heavy contract awards somewhat below the preceding week and below last year. The total of heavy engineering work contracted for to date in 1930 is still considerably under that of the corresponding period last year.

Bituminous coal production is at a slightly lower rate for the week and considerably below a year ago. This is not an unfavorable sign because it is usual for soft coal production to decline after a period of business recession and not before or during such a period.

Although factory employment decreased 3.1% from November to December and payrolls 3.3% it is striking that the rate of decline was somewhat less sharp than between October and



November. Government reports indicate an increase in employment in the first half of January, which is unusual in this season.

ALTHOUGH some commodities have shown pronounced weakness the general price situation shows considerable strength. Fisher's all-commodity index has risen slightly for the third consecutive week. Wheat prices were generally lower for the latest week in spite of Farm Board support and averaged only slightly above last year's level. The cotton average was somewhat stronger but continues to run about three cents below last year. Iron and steel prices showed further weakness but copper remains steady.

THE general trade indicators for the latest week are fairly favorable. Although the daily average of all classes of carloadings declined for the week and was below last year, the total increased, largely because of improvement in miscellaneous freight and less than carload shipments. The increase for the week in these non-bulk loadings was almost the same as took place in the corresponding week of 1929.

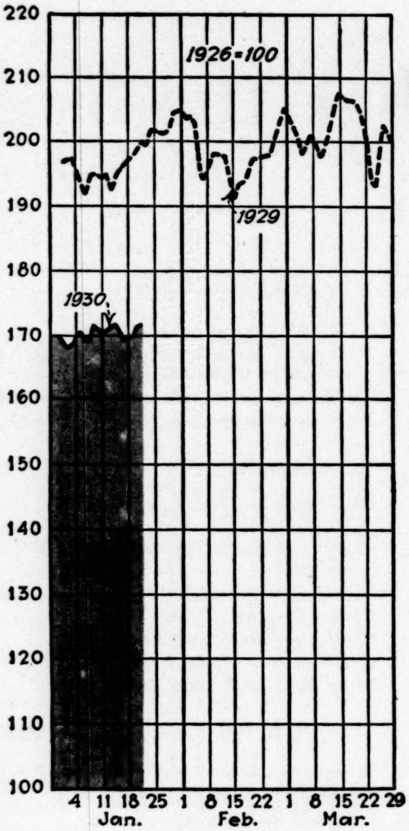
Bank debits, as is usual, showed a decline for the week ending January 15. The total in 131 cities outside stock trading centers, however, was at approximately the same level as the corresponding week of 1928.

These measures of general trade all suggest that there has been no further marked recession in business activity.

Money and the Market

THE stock market showed persistent strength throughout the week. Average prices topped last week's best and approached the post-crash high of early December. If the market develops sufficient strength to break through this, many observers will hold that a substantial recovery has taken place, holding out a strong promise for future gains. Volume of sales also increased.

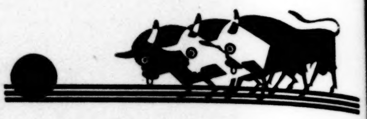
But the "boom" was nothing spectacular. Compared with last year, the market still is a listless, dull affair. Nor are there positive indications that the rise is either justified or will be sustained. Trade reports are still generally unfavorable, although a few rays of light appear. The month of February, traditionally a sad period for the Street, approaches. And there is a huge short interest, which might work either for or against recovery.



THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)

Fox Film provided the Street's first genuine excitement since the panic. The financial difficulties of the company are of long standing. They arise both from the change to talkies and the disruption in finance brought about in the panic. Moves to put the company into receivership have depressed its shares badly. A large short interest has furthered this tendency. Thursday saw a change in the gyrations of the stock and witnessed a most drastic squeezing of short interests, as the price ran up more than 10 points. The company has not yet surmounted its difficulties, however.



Call money tended to be cheaper in the week, though other rates were unaffected. Call funds have been at 4% more and more of the time, after opening on most days at 4½%. Demand still is slight, although an appreciable renewal of trading activity probably will lead to stiffening in this market.

Bank rates went through this week still unchanged, despite wide expectation of, and hope for, reduction. The position of the Federal Reserve was strengthened in the week, as was that of the Bank of England. The financial community continues to look for a reduction. The British apparently desire to maintain a differential from the New York rate in their favor and are awaiting the Reserve to act first.

The bond market moved downward during the week as stock prices went upward. Average prices for bonds are now at the lowest point since the first of the year. Expectations generated by the huge flotations of last week have not yet been realized. Secretary of the Treasury Mellon gave bond proponents further hope this week by voicing his belief in the strength in the market. As in the case of his prediction last spring, however, the boost of hope was not translated into a boost in prices—immediately, at least.

Gold movements continued negligible, but earmarked metal increased $1,000,000. Foreign exchanges showed little change for the important countries. Sterling-dollar exchange continues uncertain due to the expectation of changes in the bank rates.

Volume of bankers' acceptances reached the expected new high record at the first of 1930, according to announcement this week. Total was $1,732,000,000, almost $500,000,000 higher than a year ago. Greatest percentage of increase took place in Chicago. Reports show a good demand for bills since the first of the year.

Federal Reserve credit outstanding decreased slightly this week as the heavy liquidation which has marked the year thus far slowed down. All three classes of Reserve credit declined a few millions of dollars each. Currency return flow continued. The Reserve ratio rose.

What Happened to Savings

RECENT figures on savings bank deposits show that up to the beginning of December savings accounts were being drawn down. Since then there are indications of a rise.

The latest figures for the country as a whole cover the year ended June 30, 1929. If allowance is made for the normal increase of savings bank deposits due to accumulation of interest, the reports of the savings bank division of the American Bankers Association indicate the astonishing fact that there was a net loss of over a billion dollars during the year ending in the middle of 1929 as compared with the preceding year.

That was before the market crash. Federal Reserve Bank reports as of the beginning of December, 1929, show the following comparisons with the preceding year:

Chicago District: total deposits declined 4.1%; average account declined 4.9%; number of accounts nearly 1% larger.

Cleveland District: total deposits declined 1.1%.

Kansas City District: total deposits declined 6.4%; number of depositors increased 4.3%.

St. Louis District: total deposits declined 7.3%.

Atlanta District: total deposits declined 8.1%.

The Richmond District showed an increase in mutual savings bank deposits of 0.79% over November, 1928, but a decrease in member bank time deposits of 2.1% as of December 12, 1929.

Dallas is the only reporting district showing an increase (2.9%) in the total amount of savings on deposit at the beginning of December, 1929, as compared with 1928. In most cases the reports show that the decline in savings deposits as compared with the preceding year began in October.

Wholesale Prices Hit New Low Level

THE Bureau of Labor Statistics index of commodity prices in December, 94.2, was 5.8% below the 100 level of 1926 and lowest since 1922. This is a drop of 2½% since last December. It means that the wholesale value of the dollar is about 6 cents higher than it was three years ago.

Hide and leather products, textiles, fuel and lighting materials, chemicals and drugs, farm products, metals and metal products and building materials were lower than a year ago, and only foods and housefurnishing goods showed slight increases. Automobiles were about 3% lower in price.

Copper Price Still in Balance

STOCKS of refined copper increased during December to the extent of 44,401 tons. The supply in the hands of North and South American producers on December 31 totaled 171,320 tons, or the equivalent of about two months' requirements of industry, based on the present reduced rate of shipments to foreign and domestic fabricators.

Mine production was reduced in December, and several mines have closed since the beginning of the year, but the reduction was not sufficient to offset the sharp decrease in shipments to consumers.

The decline in shipments was attributed to the general slump in industrial activity, and the reluctance on the part of consumers to pay 18 cents for copper at a time when general unsettlement was the rule in most of the commodity markets.

Copper producers took the stand that little would be gained by lowering prices. Much copper remains to be purchased for early 1930 delivery. Demand has improved slightly since the first of the year, and this has somewhat lessened the shock of the accumulation of supplies. The state of general industrial activity here and abroad will be the determining factor so far as the price trend of copper is concerned over a period of six months or more.

December Foreign Trade Fair

THERE is nothing unusual in the decline of our merchandise exports and imports in December. Exports amounted to $434,000,000, $14,000,000 less than in November and $42,000,000 below last December. Imports were $311,000,000, $28,000,000 less than in November and $28,000,000 less than in last December. Exports usually decline in December, and in three of the past seven years imports have fallen, too. The changes for the month and as compared with a year ago are about the same as took place in 1927—a little less of a drop for exports and a little more for imports. The drop in imports is the only reflection of slackening business here, and that is probably due mostly to the fact that postponement of tariff revision has made importers less eager to forestall tariff increases.

World Boom Year in Iron and Steel

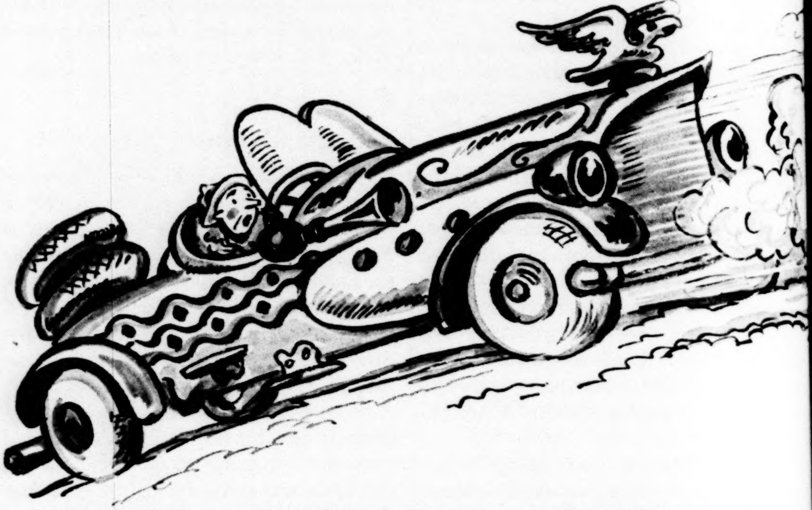
LAST year seems to have been a record breaker not only for American but for world production of steel. Twenty-one countries, according to the *Iron Age,* turned out 117,850,000 gross tons—9% more than in 1928. World pig iron output, 96,180,000 tons, was 10.6% above 1928. The United States contributed over 56,000,000 tons to the steel record, and 14 European nations together 57,000,000. German production, 16,245,921 tons, was only slightly below the 1927 record figure, and that country has resumed her pre-war first place position as a steel exporter for the first time since the war. Britain's production, 9,654,700 tons, was the highest since the war year, 1917.

Shipbuilding Boom

LAST year was the biggest for American shipbuilders since the war, and 1930 starts off with prospects of another large year. In 1929 fifty-four shipyards delivered 554 merchant vessels of gross tonnage of 284,226—an increase of 22.3% over 1928. Tonnage under construction now is 244% above that on order at the beginning of 1929. Forty-eight yards report 215 merchant vessels of 359,460 gross tonnage building. Plans for 51 vessels have been or are being prepared for building to carry mails under the new contracts to be granted by the Post Office, and 120 other vessels for coastwise, intercoastal or harbor service are planned.

The volume of world shipbuilding—3,110,000 tons—Lloyds says, is now at the highest point reached since the end of 1927, and is almost at a level with the rate of production just before the war. In the past three months the United States has advanced from seventh to fifth position among the shipbuilding countries.

What's Left of the New Era?



THE New Era, 1929 super-de luxe "Millenium" model, was a great car to look at. Crowds gathered round it as it stood at the curb on Wall Street or Main Street, marveling at its resplendent body, the impressive array of pressure gauges, oil and gas indicators, speed and mileage recorders and other statistical apparatus on its dashboard, studying the automatic gear shift and steering device intended to operate while the driver was sleeping, admiring the ticker-tape motif in the decorations, the golden bull mascot on the radiator, the rose-colored glass in the windshield, the enormous expanse of its balloon tires. Many loitered to listen to the radio speeches by bankers and public officials, coming from the loud-speakers concealed in the vase of orchids in the interior and the headlights outside, and especially to the klaxon which poured forth a continuous warning signal sounding like forty brass bands playing the national anthem and guaranteed to be audible in Europe.

A few simple bystanders wondered how its super-designers and ultra-engineers had been able to mount so large and dazzling a body upon a model T chassis. Some suspected that the car had no brakes at all and that the engine did not usually hit on more than four of its thirty-two cylinders. And, sure enough, when the New Era tried to take the last steep hill of the great bull market on its triumphal tour during the summer of 1929, it stalled flatly with an ominous clank and rattle. All four high-pressure balloon tires and the spare blew out with loud groans and whistles. E. Z. Prosperity, the driver, and a large crew of brokers, big business men and public officials climbed out and tried hard to crank her up. But they finally had to walk on to the next gas station and trade her in for a well-used old model that had been running for some hundred years. The garage man removed some of the ticker-tape from the carburetor and some water from the gasoline tank, threw away the orchids, painted her over and put her in the 1930 show as the Baby New Era. But there was no sale, and he finally had to scrap her.

Did he have anything left over?

Most of the gadgets and in fact most of the body have gone to the scrap heap. The golden bull has been melted down into a donkey. The loudspeakers and klaxon have been toned down, the pink windshield replaced by plain glass with fast windshield wipers, and a good truck body put on. The chassis seems to be as sound as ever, the oil-pump and most of the spark plugs are good and a few of the dashboard instruments are still serviceable. The resulting machine is not quite so flashy but will be good for many miles of travel if the driver will stick to the level road and not try to break any speed records.

THIS parable is appropriate because the new era was literally an automobile joy-ride, in which speed limits and traffic regulations were ignored. Every new era in our history—and we have had several—has been based upon the exaggerated enthusiasm and the inflationary forces set in motion by some single new industry or industrial activity. At one time it has been a gold rush, at another a land or real estate boom; but the two greatest new eras of our history have been based upon revolutions in transportation—the first during the period of railroad building, the second during the recent period of large-scale automobile manufacture and highway construction.

American prosperity during the years since 1922 has been an automotive prosperity. Business as a whole, in its ups and downs, has been dominated by the automobile and the related groups of industries, oil, rubber, iron and steel. A great building boom, generated by the building needs postponed by the war, was a factor in the new era prosperity; but there had been building booms before, and without the automobile there would have been no New Era.

This dominating influence of the automobile in American business conditions will continue for many years, but it is likely to become gradually less important. The year 1929 was the culmination of a period of American business that is definitely over. Since the automobile industry appears to run in three-year cycles

"The New Era was a great car to look at . . . but they finally had to trade her in for a well-used old model"

we may have one or two minor boom years in the next decade, but these will be mild and we are not likely to see any more real new eras born until some new industry comes along to play the part that the automobile has played in the past ten years.

IF the automobile has been the erratic and temperamental mother of the new era through which we have just passed, we still owe her a debt of gratitude in spite of the hectic life that business has led under her influence and some of the extravagant ideas she planted in the business mind. With all the flaws that were in it and the problems it has created, the new era of automotion which came to its climax in 1929 has left us some substantial net gains which will remain fundamental in American business development for a long time. The automobile industry has set a stimulating example to American business in the past ten years. It has led the way in technical progress. It has dramatized the unlimited possibilities of mechanical efficiency and mass production. It has developed new principles of business and industrial organization and created new methods and a new philosophy of marketing and distribution.

The influence of the things the automobile industry has done in these ways has pervaded all American industry and business. Some of them have doubtless been reckless and headlong. Without them we might have had more steady and more widely distributed business progress since the war; but such progress would not have been so great in the past ten years and it would not be so fast in the future as it is likely to be. We cannot yet accurately or fully estimate the net contribution which this automobile era has made to our future business development; but these are some of the things that seem to be left over:

1. It has made more people believe in the possibility of general and permanent prosperity here and now than have ever believed in it in the world's history. The world has been and still is used to poverty and want nearly all the time. The greater part of it has been accustomed, since the beginning, to get along without things, to be grateful for the minimum. To all but a mere handful of people, relatively, that has always been the normal thing, a situation taken for granted. The idea that any large number, for any long period, could have not merely the bare necessaries of life, but a large number of the good things, has always been a dream, the eternal theme of fairy tales. The world has always lived mostly in what the economist calls a "deficiency economy."

Of course, this has always been less marked in the United States than elsewhere. A new country, plenty of food, freedom of opportunity for a pioneer population, and all that, made a difference. But still, after the beginning of this century the poverty state of mind had gradually begun to settle down upon us, too. There was growing class feeling, resentment toward the "rich," agitation over the "high cost of living." Then the war, the automobile, the post-war building boom, came along and transferred the world and men's minds.

In the past ten years the poverty state of mind has been given a jolt that may be its death blow, not only here but everywhere in the world. Whatever trace there may have been here of the belief that some should have and others have not, whatever ideas may have lingered over about what people should and should not have, have almost entirely

It was an "automotive era" • It ended in 1929 • It taught us belief in prosperity • It enthroned the consumer • It established the value of technical progress and efficient management • It created a new awareness of the power of credit • These things are good and these are the things that remain

What's Left of the New Era?

disappeared in the United States since the war. There has been, for the first time in history, an ocular demonstration that a large part of a people can have things they never dreamed of having before, that standards of living need not depend upon the class in which one is born.

The feast and famine philosophy, not only as a matter of class but as a matter of time also, has been severely shaken. It has been seen that an unprecedented degree of prosperity can be sustained for a long period, that the business cycle is not a divine law, nor high standards of living a sin punishable by depression.

True, this demonstration has been far from complete and perfect. There are still wide differences in living standards, and a large degree of instability in prosperity. But no one who has understood the meaning and purpose of the things President Hoover has been trying to do since the stock market crash and the public response to them can doubt that the idea of general and permanent prosperity has taken deep root in the American mind in the past ten years and will not soon die.

This idea is, like all ideas, a great creative or motive force. When a people believe that their economic destiny lies in their own hands, that they can be prosperous and remain prosperous, there is a fair chance that they will. Business men put this simply and concretely when they say that the American worker will not give up his automobile, his radio and lower his standard of living.

This idea, moreover, has first amazed, then shocked, then puzzled, and finally interested the rest of the world, where the poverty psychology, the class-consciousness of living standards is deep rooted in centuries of tradition and suffering. Many abroad still doubt, but many more are beginning to wonder, and wonder is the beginning of wisdom.

2. Along with this belief in prosperity which the New Era has brought has come the more widespread realization among employers and workers that the consumer is the key of economic progress, that the purchasing power of the mass is the pivot of prosperity, that sustained wages are the gas that keeps the industrial machine going along the highway of business.

This consumer-consciousness of business, this purchasing power philosophy which underlies modern industry and finance, seems now a commonplace; but it is a consequence of the belief in prosperity which the New Era of the past ten years has created.

It is true that some American business men still give it merely lip service, but most of them have come to understand it well enough, and much better than it is understood abroad. It is by no means fully worked out, even here. Beneath the simple surface of the principle there are many complex problems—of industrial balance and control, of reconciling technical progress with employment demands—which still need to be solved. But the idea that the consumer is the king of the modern economic system is something that the New Era has left with us to stay.

One important part of this new consciousness that business consists of consumers is the realization that they are not merely workers or buyers but investors, too, and that they are interested not only in the high wages, steady employment, good products at low prices, but in the profits of prosperity as well. There were many things in the financial aspects of the New Era that should and will be forgotten as quickly as possible, but the widespread participation of the public in security ownership will remain. The idea that the profits of business enterprise and investment are for the few has gone to limbo along with the idea that prosperity is only for some people, some of the time.

3. The New Era has left us not only with the profound conviction that sustained prosperity is possible for all, through sustained purchasing power of workers, service to consumers and general participation in business profits, but with the general realization that this whole philosophy rests solely upon scientific and technical progress and the initiative, intelligence, efficiency and wisdom of industrial and business management. These constitute the lubricating oil that keeps the economic apparatus running smoothly and we have carefully saved them over from the car we have scrapped.

Both machinery and management are older than the New Era, but the idea that there must be no limit to their wider and more intensive application to the task of producing things more abundantly, serviceably and cheaply is something that the past ten years have brought home to business and to the public in a way that will not be soon forgotten.

4. Finally, the New Era, even in its muddled and confused financial phases has left in many minds the vague awareness of the tremendous power, for good or evil, of credit. We have begun to wonder whether we might not, through better understanding and control of our banking system, or through its development along new lines, use this power more effectively to promote that general and permanent prosperity in which we believe.

It is as yet merely a question, growing out of the rapid and vast developments that have taken place in finance in the past ten years—some of them perhaps unfortunate and unwise; but everything important in the world starts with a question in somebody's mind, and the New Era, with its financial excesses and its hallucinations, has left such a question with us. It may prove to be the New Era's most important legacy in the next ten years.

There are many little things, corollaries of these big ones, that the New Era has left—an appreciation of the importance of statistical and other systematic business knowledge, a new realization of the importance of efficient railroad transportation, of the value of hand-to-mouth buying as a safeguard, of the possibilities of business cooperation and governmental leadership in stabilizing prosperity. But these are incidental and mostly experimental. We cannot be sure of their value in every respect or of their permanence. Anyway, they are mostly only a part of the other and larger legacies of the New Era, which we know are right and which we know will remain.

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The Sacred Cow Sees a Corner in Silver

Chimanram Motilal of Bombay writes a spectacular chapter in the decline and fall of a precious metal

IT WAS well on towards eleven o'clock of a stifling morning before the Bombay Exchange, and the Cadillac of the little old man had not yet drawn up. The turbanned crowd was unusually thick and unusually shifty, their duck suits were unusually soiled and extra wrinkled as if they had been slept in since the close of business the midnight before. A great chatter and a boiling surface of gesticulation enlivened the ordinarily dull scene. Alone the sacred cow, cud-chewing, tail whisking, sprawled out on its favorite spot square across the Exchange entrance, evinced no unusual interest in the opening of a fateful day.

Not so indifferent, though, were the hundred odd bullion dealers when the Cadillac did draw up. Had he still the world's silver quotation in his pocket? What had the cables from London and Frisco and Tokio and Barcelona and New York brought him the whole night through? Was his corner still solid?

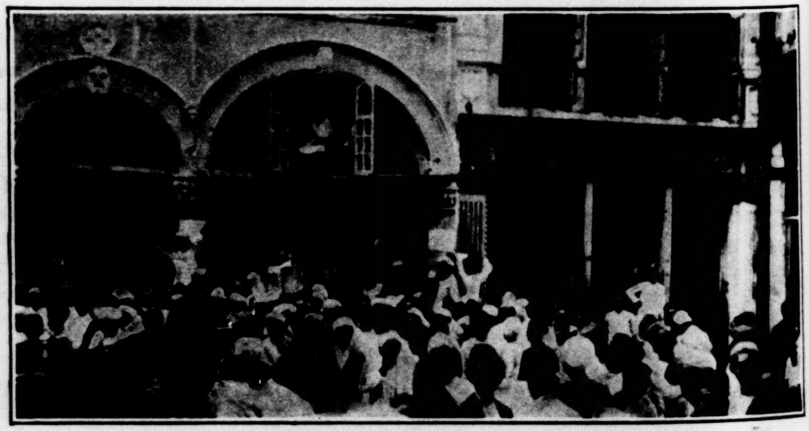
When Chimanram Motilal undertook to corner the pale precious metal of the earth it was not without elaborate preparations and a lot of powerful thinking. Anxiously and profoundly had he studied the course of silver demonetization in his own country and in China. Of Russian politics he knew more than a little, more than correspondents of newspapers, perhaps more than ambassadors. Of Professor Kemmerer's weighty report recommending the imposition of a gold standard on incoherent China he knew every word and figure; had he not moved heaven and earth and bestirred the zeal of his every Shanghai spy to obtain an advance copy? With long last glee had he chuckled at the collapse of the much over-advertised Hongkong bull pool which had followed so close on the almost equally disastrous Shanghai bear conspiracy. The world was sufficiently prepared for a universal bear position on the metal. Give them time, give them time, only a few weeks.

One morning silver hit the lowest quotation in recorded time. Positively everybody sold. Not a gambler in all India who was not short. How much was the spot in India? That was the great, the inscrutable question. Old Chimanram set craftily out to determine. Two million ounces of it did he darkly procure, and at 43 7-8 cents. There was no more, not a private ounce left. The Government was another matter. But had he not Government friends? The moment had come. He would raid the futures market, raid it carefully, stealthily.

Only when the shorts owed their master some five million ounces which they could neither deliver nor borrow was it universally admitted that the corner in silver was complete. Fastest sailings from London, only place in the world where metal in such quantities could be bought, would take exactly three weeks. Meanwhile the inexorable Motilal could make his victims pay quite literally through the nose. No civilized Stock Exchange rules there, under Bombay's sun! He could regulate and dicker and gouge individually and quite privately and to his miserly heart's content with every single adversary personally.

THE decline of silver from the semi-superstitious value level attributed to it through its legendary association with gold to its proper commodity price range is one of the major economic curiosities of the age. Politically outstanding has been the drift towards the gold standard in India and China. Futile, so far, have been the heroic efforts of research to bolster up a sickly mining industry through new uses in the arts. Fundamentally, the trouble seems to be that so large a proportion of the world's supply must of necessity be produced as a by-product, whether it is worth anything or not. The baser metals cannot be sold until all the silver is got out of them and, because we mine more and more of the ores which produce these useful baser metals, we have ever more silver to dispose of at no matter what price. With silver below fifty cents an ounce there are few real silver mines which can be operated. Bullion men believe that silver may conceivably go as low as thirty-five cents.

Of all gambling forums the Bombay Bullion Exchange is perhaps the most colorful. The solider silver merchants make their offerings by auction to a crowd of brokers in the street outside who are commissioned to purchase in small lots for people up-country. For ordinary retail trades the unit is three



BOMBAY'S BULLION EXCHANGE

Where Chimanram Motilal cornered India's white metal last week. In the window above, clever workmen chop small purchases from the silver bars

bars of seventy pounds each. For purchases of less than a bar division is accomplished quite simply with a hammer and cold chisel against a granite block; the workmen who do the chopping and weighing are extraordinarily clever in their guesses.

The offices of even the mightiest bullion dealers are without furniture and without bookkeeping. The credit of the great dealers is impeccable, even from the high English standard. Failure to live up to a contract means eternal disgrace, not only in the future but in the immortal hereafter. Many are the Bombay houses which can buy a million ounces in William street by simple cabled order. The larger bullion traders are among the rich men of India if not of the world. Generally are they Hindus, no Parsees, but there are exceptions here and there. They observe fêtes, employ only coreligionists, and punctiliously hurdle the holy cows which spew and yawn throughout the long days within and without the graceful cool halls which make up the great bazaars of Bombay.

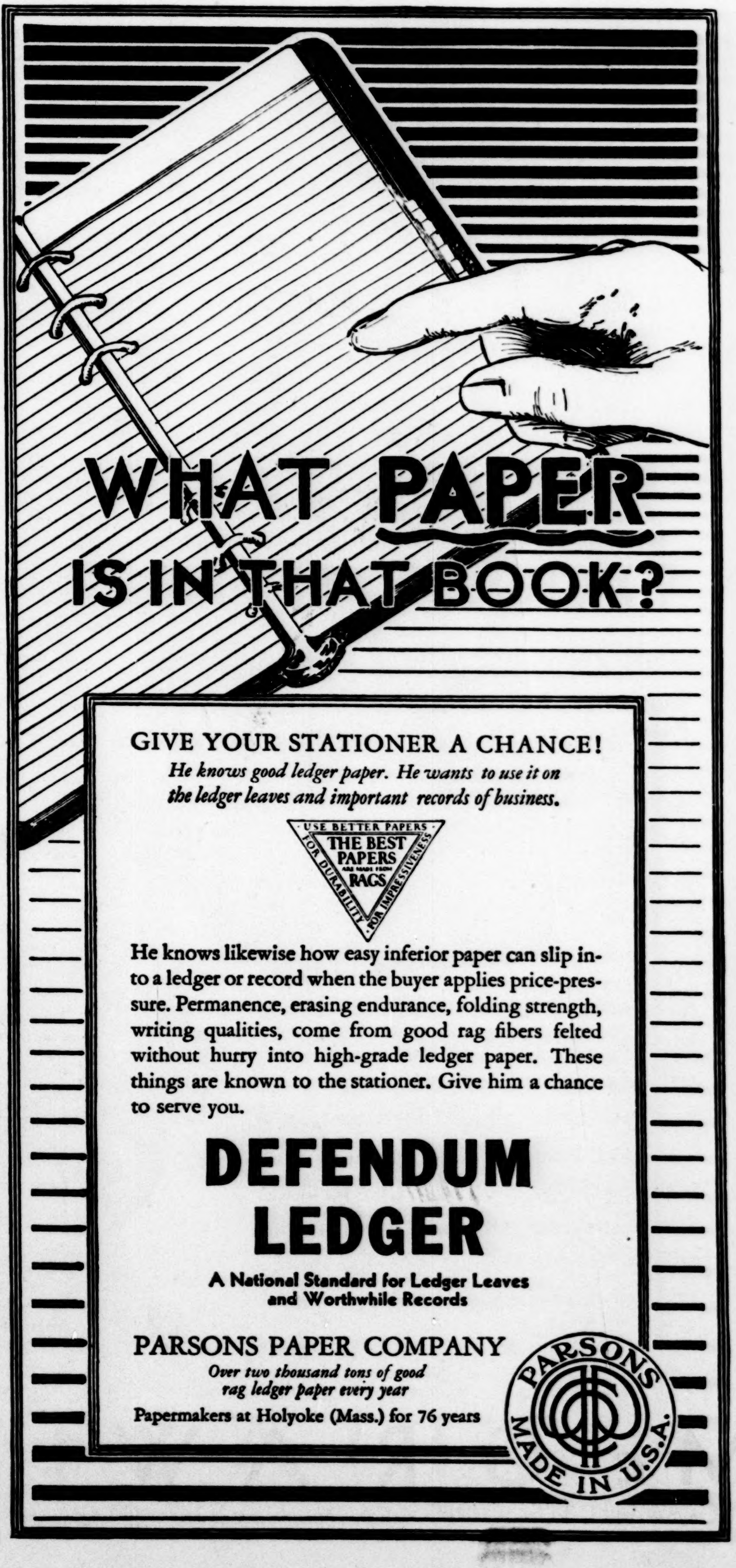
▼

Unions Study Unemployment

THE profound changes which have taken place in the American Federation of Labor since the death of Samuel Gompers are reflected in the *Monthly Survey of Business,* which the Federation has begun issuing to leaders of the affiliated unions. From top to bottom the organization appears to have a new attitude, illustrated by the fact that each union is becoming more and more interested in improving the efficiency of its industry.

The January *Survey* calls particular attention to the recognition by the Hoover conferences of the importance of markets, pointing out the relation of wage levels and employment to the buying power of a market. The *Survey* says that although unemployment naturally followed the stock market crash, it has not been as great as in 1927. In November, the manufacturers laid off 300,000 men as compared with 40,000 the year before. But more had been employed during the year, so that the decrease left nearly as many at work as last year. The most layoffs were in automobiles, clothing, lumber, furniture, electric machinery and building materials.

But in trade unions employment has risen steadily since August. During the last three months it was greater than at the end of last year. In 24 cities 12% of union members were out of work in November, and 16% in December.



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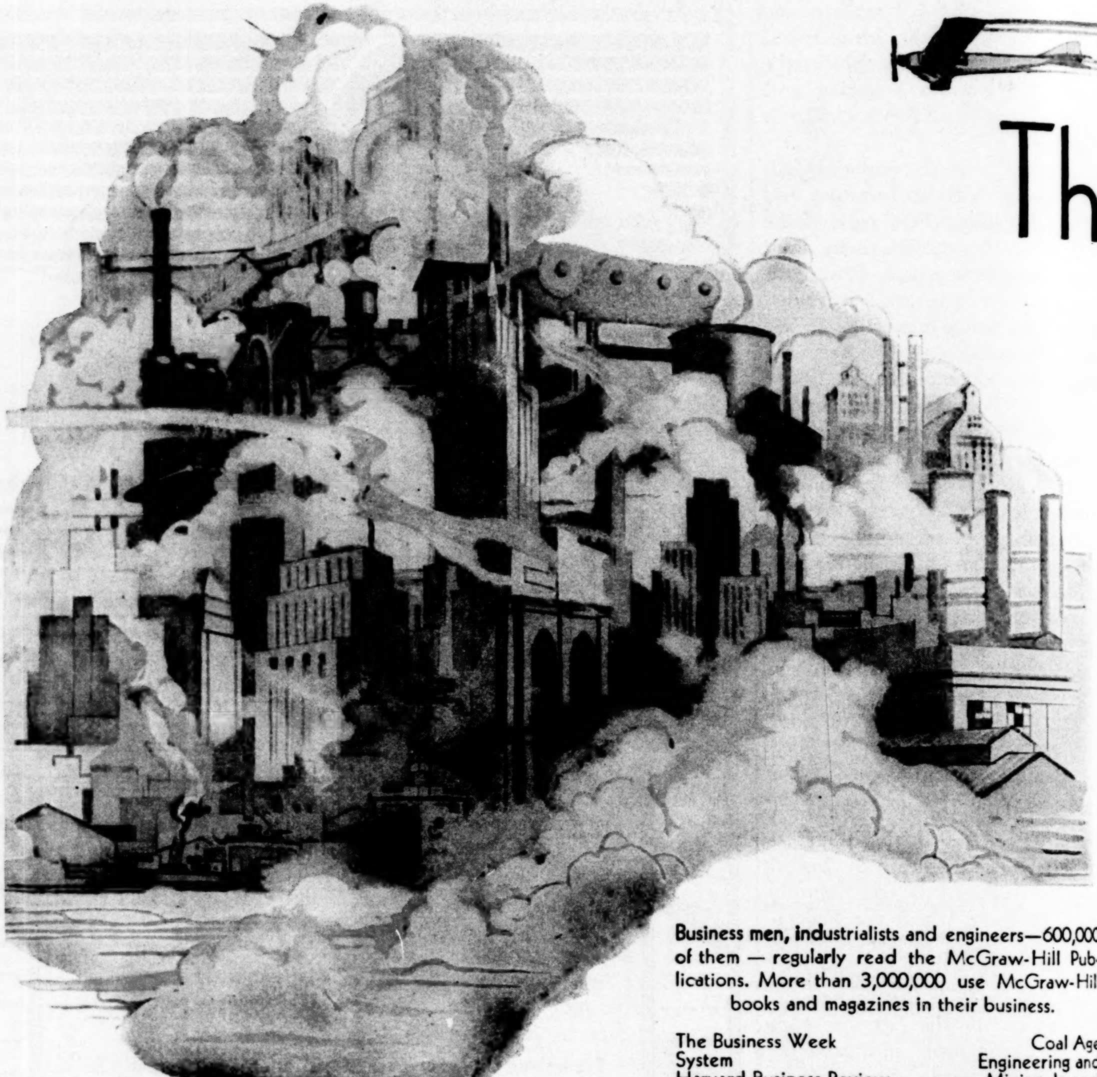

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Plowman lifts his head

WITH bare hands, the plowman fought for his food. Hunger harried him . . . bent his back, bowed his head.

Then the machine . . . freedom . . . time to cultivate his fellows as well as his fields . . . to live, to think, to be.

Industry gave every man a hundred hands . . . farms produced more with less men. Millions of workers flowed from farm to factory. Swiftly industry expanded, became complex.

As the pace grew faster there was a vital, growing need for the interchange of experience. Men of industry had to keep constantly informed of Industry's activities and progress . . . of the current news and developments in their own specialized fields. Out of these needs came the industrial press—the McGraw-Hill Publications.

Today 600,000 men of industry, the very men who lead, guide and operate the modern business world, read the McGraw-Hill Publications because they realize that they must read . . . or fall behind! They are paid in advance subscribers. Each has placed a cash value on the information that the McGraw-Hill Publications bring him.

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The Eyes Have It

Attractive packages and products are stimulating a new demand for old lines. A small group of designers have faced squarely the traditional prejudice of the practical manufacturer against the creative dreamer; have worked with engineers and chemists in a coordinated effort—whose results are shown on these pages

HAVE you noticed that, artistically, a change is creeping into almost every type of merchandise? The burst of modernistic angles and jumbled lines of eight and ten years ago, even the flair for color of two years ago, has passed. Something more subdued, simple, practical is coming. Industry—cool to the effeminate associations with "fashion"—labels it, simply, "style."

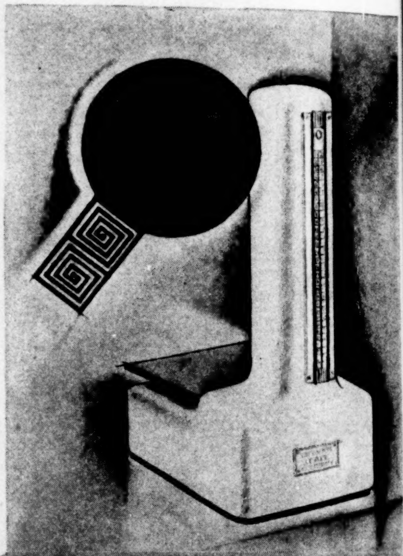
For many aggressive manufacturers, "stylizing" has become an effective weapon in meeting new competition. Substantial, stable business, which has watched from afar the style frenzy of the so-called fashion and luxury trades, now finds itself caught up in the new tide—without a chance for escape. Milady will no longer tolerate in her blue and white kitchen, the cheap, gaudy colors and shapes which characterized the bottles and packages of 15 years ago. A catsup bottle, salad dressing jar, or cracker box must not be plastered over with cheap labels. They must be miniature *objets d'art* if they find their places on her luncheon table.

So it is that beauty, that ever fickle jade, has once again come to the aid of the artist. Today the latter has become a business man; like a lawyer, he is selling his trained counsel. He contracts by the year as Style Advisor, or Art Counsellor. The style-conscious manufacturer is coming to depend on him.

But the average business man is a neophyte at the game of art. At first dubiously, now boldly, he manifests an interest in his wife's magazines, her kitchen, her new wardrobe, Paris and Palm Beach fashions, modern furniture exhibits. From interviews with his art counsellor he is learning the new patter—"color wise," "fashion ensembles," "*the* fall color charts," "Lelong," "Le Corbusier." The young are finding him much more "modern." In turn, he is winning their confidence. It is a new sales weapon.

At first, only a few manufacturers and a handful of department store manufacturers caught the new spirit. Last year art was adopted with a vengeance. Products that have been stylized range from automobile hub caps to perfume bottles, and from metal furniture to cement sacks. Harried retailers, advertising agencies, architects, manufacturers—full 500 of them—appealed to the New York Art Center for artists who could stylize their products. Five hundred forty-four placements were made with important industries in New York, Pennsylvania, Ohio, Kentucky, New Mexico, Indiana, West Virginia, and Michigan. At the same Art Center, of the 137 new professional members this year, 7 are craftsmen, 5 are commercial artists, 3 are interior decorators, and 95 are designers of industrial art products. And this is only one clearing house for artists. Boston, Cleveland, Detroit, San Francisco have their designers, their art-industry hookups.

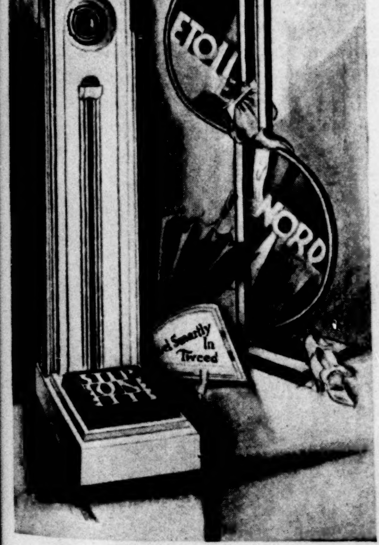
In the long list of design competitions sponsored by the Art Alliance of America was one with $2,000 in prizes initiated by The International Nickel Company for a fresh design for a kitchen sink to be made of monel metal. In November last year, national wallpaper wholesalers in conference, appointed a style board composed of one architect, three manufacturers, two artists, and three distributors to control designs in the wallpaper industry. This style board will pass on



AFTCOAT
GLAZING

And industry, "stylizing" for profits, finds art ready to meet its needs, organized for practical service

Waterman's patrician


HONEST WEIGHT & YOUR FORTUNE PRINTED on TICKET
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all designs with the idea of raising the standard, reducing number of patterns, designating length of time each pattern shall appear on the market.

Richard E. Thibaut, after trials over a 10-year period, finds that national artists are successfully competing in designs for the wallpaper industry, once largely imported from Germany, Austria, and France. A few American designers of the calibre of Rockwell Kent are establishing their names in this field. One of these names on the selvage is often enough to sell a design without further examination.

WHO are some of today's designers? What are the products they have stylized?

One of the pioneers is Joseph Sinel, who applies his artistic technique, not so much to beautifying ugly things as to solving, by means of it, the puzzles which daily confront the merchant. One of his most comprehensive projects was worked out in cooperation with the International Ticket Scale Corporation. Starting with their product, a penny weighing scale, he redesigned it on modern lines, stylized even the ticket which comes to the expectant weigher, carried the same theme to the letterhead, bills of lading, catalogues, advertising, and finally to the designing of the new offices for the company (THE BUSINESS WEEK, September 28).

Striking evidence that there is almost no industry or product that cannot be affected by art is Mr. Sinel's accomplishments for the Craftex Company. The gunny-sack container for a texture wall finish, after the artist had redesigned it, was changed from just another gunny-sack to a neat container—a thing of beauty in its humble field.

Walter Teague has made industrial design his profession. He is able to secure yearly (or longer) contracts with three or four industries, gives each a specified share of his time working in their laboratories or manufacturing departments, stylizing products with the engineers, thereby maintaining a profitable equilibrium between art, manufacturability, practicality.

His present accounts are varied: Eastman Kodak, Turner Glass, Marmon Motor Car, and several smaller special accounts. Eastman's has found that it pays to let a designer stylize. Kodaks in the new shades to match fashion's predominating colors, and sold in modern cases which will make an attractive accessory, have brought to Eastman their biggest kodak year.

Sex appeal is a new factor behind the Turner Glass Company's new designs for food containers. The new design for a salad dressing jar is on the market now—is being manufactured on contract to Best Foods, Inc. Modern housewives are no longer content to buy cosmetics and perfumes in de luxe containers and foods in the plebeian glass bottles of the 1870's. Today's retailer is stocking products made with feminine appeal.

Indicative of the adaptability of these modern designers is the wide variety of Gustav Jensen's work. From a coffee percolator to book bindings he has combined with utility the taste of the trained artist. Jensen-designed products now on the market include a viscoloid hand mirror manufactured by the DuPont Company, Charles of the Ritz cosmetic containers, and Gilbert's antiseptic products.

Norman-Bel Geddes is probably best known for his stage sets, most famous of which was for "The Miracle"; most recent, "Fifty Million Frenchmen." He

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has ventured into the field of industrial design with no small amount of originality and success. To him is attributed the square lettering in the advertising of Dodge automobiles. Window shoppers on New York's Fifth Avenue discovered him three years ago when he "did" Franklin Simon's store windows—among the first in the modern tempo.

Not only did this catch the eye of shoppers. Retailers saw in his adjustable backgrounds an opportunity for varied attractive displays at minimum cost; and in his glass window "cards" with painted notices which could be washed and redone weekly, even daily, something smart, economical.

Among other contracts, Artist Geddes is designing automobile bodies, airplanes, metal furniture for the Simmons Company (beds designed last year are now on the market, their feature being that they do not copy patterns or finish of their wood prototypes), weighing scales for the Toledo Scale Company, as well as their new factory covering a quarter of a square mile.

Suggestive of the variety of objects which have been looked at style-wise is the turnstile, clattering adjunct of the subway and elevated stations. John Vassos, whose talent has been employed by the Armond Company to design the exotic Carle perfume bottles, has designed a new turnstile now in process of production; is designing skyscraper furniture for private homes, hotels, restaurants; has stylized an automobile tire; specially designed modern lights which will do away with chandeliers and which can be put into mass production for use in banks and theatres.

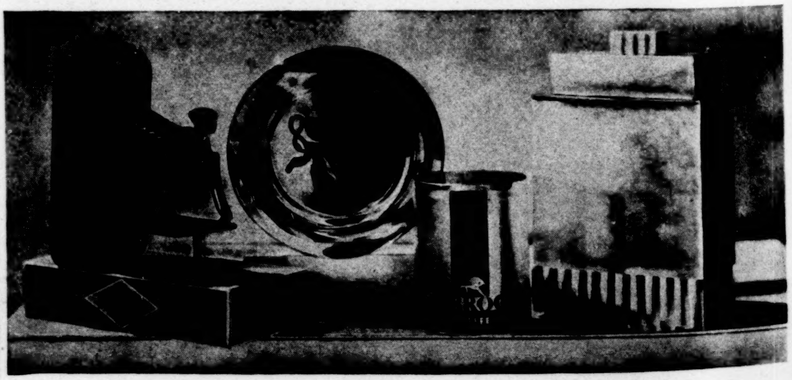
Toilet sets for DuPont, combs and mirrors in new synthetic materials, patterns and colors for new fabrikoid, already popular for wall covering, and textiles—these are a few of the products which have come under the influence of Winold Reiss, brilliant Viennese designer who, before the War, attempted with little result to introduce the vivid utilitarian designs of the Austrians.

Popular and respected in the field of advertising is Rene Clarke. It was he who conceived the idea of individualizing a limited number of motor cars from an assembly line—giving them an additional style touch which Reo capitalized by selling one in a town. Snowdrift shortening in Clarke-designed cans jumped, in two years, to first place in chain store sales. When a specially-designed $5 compact was placed on the market even the manufacturer feared it would not pay in volume sales. More than 500,000 purchasers were attracted by its smart pattern.

AMERICAN business, as well as that of France, Germany, and Austria, is conscious that today's trend in style is dramatic and colorful; is here to stay in its refined form. No less serious group than the American Management Association devoted an entire day at its annual meeting to the consideration of fashion, style and art in business.

Too many executives are slow in giving full weight to the new importance of styled products; they are too conservative in their estimates of its value to their business; they are unwilling to accept the counsel of designers. What they fail to recognize is that over the last 10 years a small group of artists have applied themselves to industrial design, have faced squarely the old prejudice of the practical manufacturer against the creative dreamer; have gone into factories and studied and worked with engineers and chemists; have succeeded in supplanting the old domination of machine over design with a new coordination of effort. The automobile is the proudest sample of their success.

Today, a few big manufacturers have recognized their worth, have sought their services. The remainder can not hold out without losing. Industrial designers there are, available for consultation. It is up to the business man to call them in. They offer a new service to business, and one that is important to its continued advancement.



Wide Reading

NIGHT STORES. John Allen Murphy. *American Bankers Association Journal,* January. New retailing trends force merchandise stores to offer workers opportunity for shopping outside business hours if they are to get their share of consumer's dollar.

SANITATION IN THE MODERN CITY. *Modern Sanitation,* January. A new publication devoted to the problems and interests of the practical sanitary engineer.

BUILDING AN EXPORT MARKET. Z. M. Allison. *Advertising and Selling,* January 8. How to get beyond statistics in an understanding of the Latin American market.

AIRCRAFT DEMAND PAST, PRESENT AND FUTURE. Robert R. Doane. *Aviation,* January 18. Analysis of past sales and market demands, with charts, tables and estimates relative to future volume of consumption.

RADBURN: A TOWN PLANNED FOR SAFETY. *American Architect,* January. Only town in the world exclusively designed to meet the needs of this automotive age in a practical manner.

AMERICAN AUSTIN DESIGN DIFFERS RADICALLY FROM BRITISH. *Automotive Industries,* January 11. Bodies are well streamlined, frame provides for front and rear bumpers and appearance conforms to conventions in the United States. Engine features changed but little.

A RAILROAD VIEW OF CONSOLIDATION. J. G. Lyne. *Nation,* January 22. The financial editor of *Railway Age* looks at consolidation and sees present plans impracticable. Piecemeal solution more thorough, economical, practical.

ADVERTISING ARTS. A new quarterly supplement to *Advertising and Selling,* issued for the first time with the January 8 issue. Purpose: "To create a greater consciousness of beauty, both in the design of merchandise and in the physical appearance of advertising."

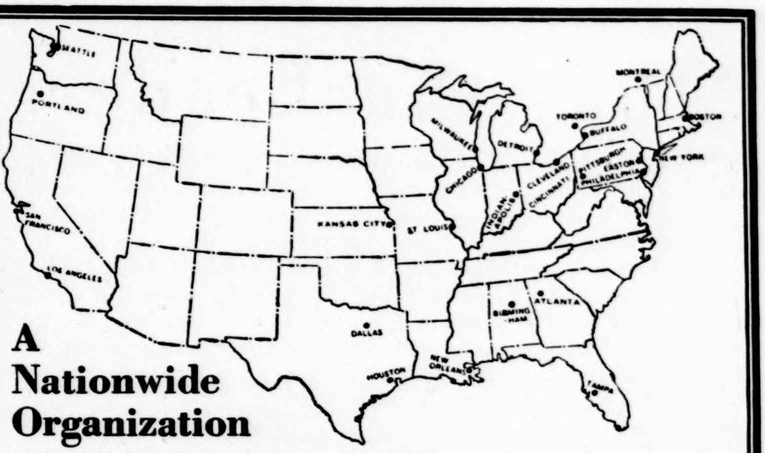
FOR THE PRODUCT ENGINEER. *Product Engineering,* January. First issue of new McGraw-Hill publication devoted to consideration of modern packaging, new products, and revamping of old products to meet modern demands.

BOOKS

THE ADVERTISING PARADE. Edited by Robert Hunt. Harper, 172 pp., $7.50. An anthology of advertisements in 1928.

CHEMICAL DICTIONARY. Ingo W. D. Hackh. Blakiston, 790 pp., $10. Records old and new phenomena in terms of our new concepts of matter and energy; precipitates recognized terms in fluctuating and divergent solution of chemical writing.

THE COLD STORAGE INDUSTRY IN THE UNITED STATES. Edward A. Duddy. University of Chicago Press, 110 pp., $2. Trends in location of cold storage space and holdings, mostly from 1922 to 1927. Changes in commodities stored, processes used, social and economic effects of storage, not considered.



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What the Leaders Are Saying

GLEANED from Stuart Chase, writing in "Prosperity, Fact or Myth":

"Looking at the outside world with the eyes alone, prosperity means the motor car and its appendages. . . .

"Prosperity has brought no recognized type of domestic architecture. Beside both the five-room box and the Moorish palace stand implacably the kennels for the motor cars of their owners. . . .

"The War helped American business. With Europe flat on its back after the Armistice, a vigorous, unscarred, highly industrialized nation could hardly go elsewhere than forward. It may be pointed out that this particular handicap will not be allowed us indefinitely. It grows less every year. We are not the only clever people in the world, nor have we a monopoly on engineering ability. . . .

"The period of prosperity (1922-1929) has witnessed the emergence of the business man as the dictator of our destinies. He has ousted the statesman, the priest, the philosopher, as the creator of standards of ethics and behavior, and has become the final authority on the conduct of American society."

▼

STAGGERING are the figures quoted by Colonel Sidney D. Waldon, president of Detroit Rapid Transit Commission, in his discussion of increasing the capacity of American highways:

"On January 1, 1929, there were concentrated upon the streets of the Detroit district more motor vehicles than there were in any of the states of Washington, Nebraska, Florida, Tennessee, Georgia, Connecticut, Kentucky, Maryland, Colorado, or in any one of twenty other states. The Detroit district had 84,000 more registrations than the whole state of Florida, 118,000 more than Georgia, 133,000 more than Kentucky, and exceeded the combined registrations of the five great Western states of Utah, Arizona, New Mexico, Wyoming and Nevada by 94,000 . . . . In many municipal centers streets are becoming so choked with vehicles as to reduce materially, if not destroy, the incentive to own and use a motor car.

"There is every reason why state governments, deriving the majority of their highway revenue from the taxation of motor vehicles owned and operated to so large an extent upon the streets of great cities, should from now on use an increasing proportion of the revenue so received in bringing about the improvement of trunk line traffic facilities in those cities and metropolitan areas."

▼

RETURNED from the Tokyo meeting of the Institute of Pacific Relations, Dr. James T. Shotwell of Columbia University:

"The question of migration and exclusion of the East and the West in future will be based not on race but on standards of living. We must maintain our standard of living. Low wages and long hours of working as against higher standards here—that is the competition. Economic justice raising the standard inside the nation tends to solve international problems. The question of internal justice will become the criterion for the settlement of international problems of justice."

The Growth

of American Business

1904-1929

is the title of a survey we have made of recent business history. It is brief and conclusive and points to the trend of general business in the future.

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ESTABLISHED 1888

BOSTON NEW YORK CHICAGO CLEVELAND
DETROIT PROVIDENCE PORTLAND, ME. PITTSBURGH

Members of the New York, Boston, Chicago, Cleveland, Pittsburgh and Detroit Stock Exchanges and the New York Curb Exchange

A Realist Looks at Russia

Ivy Lee returns from Moscow and the Soviets have a friend in the seats of the mighty • Wall Street wonders while plutocracy's spokesman speaks for 150,000,000 proletarians with a Five-Year Plan that means business for somebody • We have to live with them, we may change them, we don't have to recognize them • But we might be practical about them

IT will soon be three years since Russia found a friend in America. If a country, like a man, can be known by its friends there is perhaps something altogether significant in the personality of the first friend which the giant experimental republic found in our capitalistic scene. For in instinct, doctrine, career, he is the ultimate, the absolute capitalist of them all.

He is reputedly the subtlest of protectors of capitalists, their arch advocate, the veritable high priest of their whole controversial business—a professional director of public relations. That he of all men should have been for three neglected years the champion of the idea of a new business statesmanship in Russia is the anomaly, enigma, mystery of cynical Wall Street.

Sophisticated managing editors frankly do not believe a word of it. It is impossible that Ivy Lee, aide to millionaires and millionairedom, should be serious in all this stuff about Soviet Russia. What a colossal axe he must be grinding!

Mr. Lee has just returned from his third Moscow visit in three years. A brief glimpse of him, a little talk, did not, to a simple reporter for THE BUSINESS WEEK, bear out this terrifying view. Perhaps the Wall Streeters and the managing editors are suffering from their respective professional deformations again, cynicism, sophistication. For what Mr. Lee had to say about Russia and about its interest for us, Americans, at this particular easeless moment in our history went straight home quite simply like so much common sense. Incidentally, he has himself been interested in Russia for over 25 years.

JUST what did Mr. Lee find out at Moscow this trip? A great reporter himself, he puts it simply and clearly, something like this:—

1. Russia is politically confident, perhaps a little cocky, on account of her recent diplomatic victories.
2. Russia is economizing to the very limit, even on edibles, in order to buy that foreign exchange without which she cannot secure immediate delivery of machinery.
3. Russia's biggest idea today, her dream—her madness, perhaps—is the grand idea of the Five-Year Plan of Industrialization.
4. Russia's second biggest interest at present is to socialize farming in the villages.

AS regards relations with the United States: Mr. Lee found that politically and diplomatically they have ceased to be a matter of primary interest. Twelve months ago Russia yearned for our recognition. During this visit, however, Mr. Lee was told by a prominent Communist: "We have now shown that we can live without foreign capital. While we want the capital, we are prepared to get along without it."

In a business sense, American relations are still actively discussed because a large group of American engineers is now on the spot rendering technical assistance either on account of contracts for goods purchased or through direct employment by the Government. The grandiose idea of mechanization of a hitherto mediaeval economic culture has intoxicated Russia. Fordism is the holy doctrine of the day, another revolution, accepted with all the Russian ardor and genius. At such a moment the presence of American masters in the new mode of life is of primary importance to Russia.

Everything has been staked on the Five-Year Plan of Industrialization. The great party itself is united for it and the nation entire has buckled in its belt. Asserted an industrial Communist to Mr Lee: "Within five years Russia will have the biggest tractor plant, the biggest paper mills, the biggest of many other industries in the *world*. And it is no dream. It is a fact."

In its plan for the socializing of farming in villages, lies the supreme test of the new Machine Russia. Peasants do not accept without struggle. Arson is frequent, assassination rampant. The lot of the Government or Party organizer of community farms is not one for squeamish or timorous souls. This is not revolution, however; it is protest against Government. The same peasants would defend the same Government to the death against any imagined substitution for its rigors. The fight will be bitter, but six months should tell the tale.

OF superficial impressions of Moscow, Mr. Lee mentioned several. People looked healthier, happier, more energetic than a year or two years ago. Their walk had more spring in it. They were better dressed, although really new

THERE ARE PLENTY of business executives, probably, who take pride in using the same golden oak roll-top desk they started with—and the same letterhead that their shipping clerks use.

But somehow, neither characteristic seems to belong to the present era of American business.

CRANE'S
BOND

for Executive letterheads and envelopes

CRANE & CO., Inc. • DALTON, MASS.

Crane's Bond—a 100% new white rag paper—reflects quality and distinction in every fibre. The slight difference in price between Crane's and the usual letterhead is a sound investment in prestige and good will.

clothes were rare. New building construction and repairs were under way at a tremendous rate.

Significantly, Mr. Lee, who should know something about the theory and practice of propaganda, found that Russians have about given up any idea of Bolshevik propaganda among Western nations. Frankly they lay claim to an empire of spiritual influence only in Asia. The mysterious Comintern or Third International has grown less fascinating and less terrible. No member of the present government is active in it.

BECAUSE of Mr. Lee's singular importance in the forming of business opinion in the United States, it is not only interesting but important to find out his attitude on the relations of the two greatest republics on earth. Popularly, he is supposed to be leader of a small but élite body of liberal American opinion which favors official recognition of the outlawed U.S.S.R., by the Government of the United States.

Now, it is of peculiar significance that nowhere has he said anything of the kind. In "Present-Day Russia," he wrote, "The time has not yet arrived." What he has been driving at all this time is first of all that the problem of Russia should be viewed realistically. Here is a nation of 150,000,000 people occupying one-sixth of the earth's habitable surface. We have to live with them whether we like it or not. The real problem, assuming Russia's economic policies are unsound, is how to lead Russia into a normal relation with the world and how to show her that her own interests and the welfare of the world may be advanced by a slow abandonment of Russia's economic heresies.

In Mr. Lee's own common sense view, it would also seem illogical that we Americans, needing exports, seeking foreign opportunities for the profitable exploitation of our capital, our machinery, and our technical and managerial brains should occupy among the 23 leading civilized nations of the globe that strange and eccentric position not necessarily of not having officially recognized Russia but of having refused even to look thoroughly into the matter from the point of view of our own real and permanent interest and from the larger point of view of humanity. It is quite evident that the worldly Mr. Lee, along with the twenty-two other leading nations, does not share the terrors of the average American statesman, or politician, or voter, or what not, about the infectious dangers of legally constituted relations with the Soviets.

When the Mail Order Store Comes to Town

How and how much does it actually affect "home trade"? Here's the "home trade's" own answer

WHEN the big mail order houses open stores in American communities, how and how much do they affect the "home trade"?

The question has been met with evasion, with empty derision, with hollow foreboding—seldom with an answer nailed down by brass tacks.

Hutchinson, metropolis of western Kansas, population 30,000, broken in on the new competition by a J. C. Penney store eight years ago, saw the invasion of a Sears Roebuck store and a Montgomery Ward store a year ago. Hutchinson business men have had an opportunity to estimate the "damage." Here's what they say—down to brass tacks:

A retail druggist: "We have had to meet their prices on patent medicines and toilet articles. Regular 50¢ advertised items they usually sell at 35¢ and 39¢—which doesn't leave much. Where possible, we sell our own lines on such items. On these, we can meet their prices and still make a fair margin."

A retail shoe man: "We saw the handwriting on the wall with the coming of the cheap shoe chains. We got into a high class specialty shoe line and now they can't hurt us."

A paint and wallpaper store, next door neighbor to Montgomery Ward's: "Their coming has increased our business 25%. Folks who have always bought from their catalogues now come to Hutchinson, and they shop around. We claim that our prices on comparable grades of goods are lower than theirs."

Ladies' ready-to-wear: "We can't see that they have affected our business a particle. Our customers never mention either of them."

Retail hardware and sporting goods: "We don't feel their competition on the cheap lines, such as thin aluminum ware, because we don't handle them. We say that, quality for quality, our prices are as low as theirs. On ammunition, one of their supposedly big sellers, we believe that our lowest-priced grade is better than their corresponding grade and a few cents lower."

Implement dealer: "They don't touch us. Our business is built on service. During harvest when our customers need machinery parts and other supplies in a hurry we keep open practically day and night and spare no effort nor expense to get them what they need. We get the business on that service."

Retail furniture: "We don't see any effect on our business either way."

Department store: "Only in toilet goods do we see any difference, and we meet prices there without any trouble. On other lines, they don't affect us at all. Their coming has undoubtedly 'pepped up' our local merchants and has been beneficial to all of us."

The advertising manager of the *News-Herald*, published morning, evening and Sunday: "They have added about 20,000 inches to our annual advertising. We cannot see that they have caused other merchants to use more space than usual. At first, some of our merchants objected to finding their copy on the same page with that of these new competitors. Now they are all looked upon as local. The big houses are good about cooperating with special sales events and other features and show every willingness to go right along with the rest of the merchants and do their part."

A banker: "The only objection we have is that they remit often to their home offices and don't leave much of a balance with us. Our association is going into this. Otherwise, they are fine to do business with and we have seen no detrimental effects on the business of other merchants."

A real estate broker specializing on business properties: "Naturally their coming has benefited Hutchinson by the rental of two large buildings, one of them off the main business street. It has not meant increase in rentals because they did not seek the choicest locations as the chain stores are doing."

Chamber of Commerce officials: "They have shown a disposition to do their share in community work, and have contributed to the various public funds. They carry memberships in our Chamber, but not quite to the extent of a locally owned store of comparable size. If there is any feeling of resentment toward them among our business men, it is not apparent."

But both the mail order house stores in Hutchinson claim a highly satisfactory volume of business: Where does it come from and who, if anybody, loses it to them?

The answer may be that the same Hutchinson people who bought from catalogues are now buying from the stores. It may be that the merchants in the smaller communities outside Hutchinson have lost to the invaders. It may be that Hutchinson people are buying more and Hutchinson merchants have been more apt at stimulating demand. It may be that the new competitors are flourishing on the low-price business whose loss to the home trade seems most freely admitted. In any case, if Hutchinson merchants are worrying over mail-order store competition, they are doing it with a smile.

Edison Thanks Business

We wish to thank the business world for their continued interest and enthusiasm for the Ediphone, our dictating machine product. The goodwill we enjoy is our most priceless business asset.

Our laboratories, factories and field are organized to render even greater service to business, believing that the Ediphone like the telephone has become a world-wide institution.

Catching the spirit of the New Year with Mr. Hoover, who believes, *"It is action that counts,"* the assistance of our office organizers is offered to help your business in 1930 to greater prosperity and expansion without expense.

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Edison's New Dictating Machine

World-Wide Service in all Principal Cities

Radio Program Monday Evenings

After Office Hours . . .

HE may be an anachronism but he gets along very well, thank you, with a kitchen office, a basement factory, a few boys, a crew of fast-stepping canvassers and everything he can read about business methods. He sells in his own packages a household necessity shipped to him by the carload from a town 1,000 miles away—and he sells it in that very town at a cheaper price than the manufacturer himself can. The answer, he says, is quantity buying, bills paid within 5 days to get maximum discounts, a 7-day turnover, a perpetual inventory system, cash sales, minimum overhead and best possible service. Business went up 130% last year—his fifth on the job—and he has time to tell THE BUSINESS WEEK about it—or take a vacation whenever he feels like it. This one-man business may not be business for you, but it may be worth remembering next time you mistake size for profits.

▼

THE old-timers say that art can push industry just so far. But it's gone pretty far when a manufacturer of concrete mixers admits that the demand for his product calls for streamline effects, enclosed gearing and other attributes of the automobile. Even the designers of machine tools have to think about smoother contours and keeping the height down.

▼

TO the cry for "more sportsmanship in business," one prominent trade association official replies, "It's all wrong." His reasons are interesting. While health may be the end of sport in general, he says, "beating the other fellow" is the end of any game in particular. But business in general and any business in particular have alike a broader purpose. Transference of the values of sport to business, which is not a game, over-emphasize that competition which may be the "life" of it but isn't the reason for it. Business conceived in terms of profitable service to civilization is likely to be both cleaner and more efficient than business played as a game of winners and losers. And "Watch the other fellow," first order of the football coach, drops way down on the list of business maxims.

▼

FOR travelers who want their gold to glitter, the war came to England when the Royal Air Force pushed them out of the Hotel Cecil and made it headquarters for "the duration." Now they are out for all-time—"shelled out," say the music halls. Shell-Mex has bought the old building and the site where once the Earls of Salisbury dwelt. The famous Cecil bar will soon close, the "fitful fever" of its 30 interrupted years be[illegible]n earl and oil quenched in petrol.

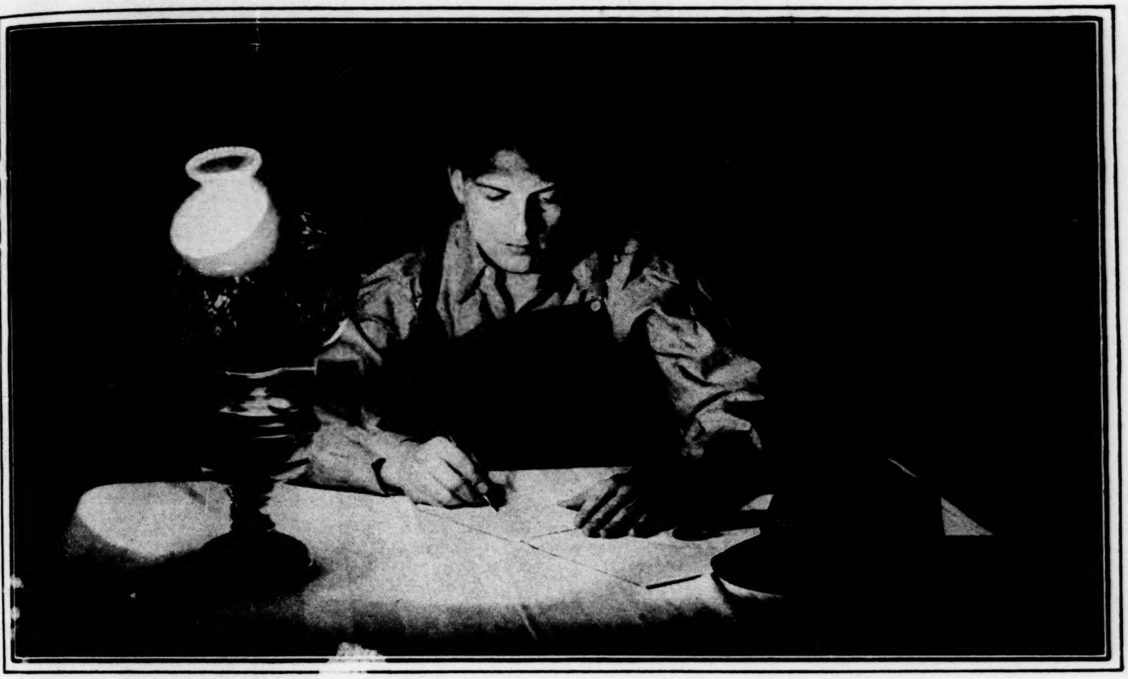
▼

WHERE there's a war, there's a queue. The bread, meat, sugar, jam and what-not queues of the Great War are historic. The cigarette queue of the latest war may become so. At no time during the day this week that R. H. Macy & Company, New York department store, announced a cut to 99 cents for 200 smokes were there fewer than 150 in line at the door of the tobacco department, not counting the police guard. United and Walgreen (outside New York) had made peace at the old 15-cent level when Macy jumped into the fight. Maybe this is the war to end war. It's the lowest price at which cigarettes have sold since the government put on the tax of 30 cents a hundred.

▼

IT'S all quiet along the Jordan now, but the late disturbance there has not been forgotten by the exporter who wrote a sympathetic letter to a customer in those parts, deploring "the anti-Semitic outbreak of the Arabs" and, after the letter had gone, found that Arabs were Semites, too.

The LETTER that LIGHTED 3,700,000 LAMPS



ORTY-EIGHT YEARS AGO, by the flickering ight of a kerosene lamp in the little town f Shenandoah, Pennsylvania, a young ine worker sat down at the close of the y, and wrote this letter to the editor of e *Mining Herald:*

"Will you or some of your readers be ind enough to inform me what form of irways offers the least resistance—circular or square?"

This letter may not mean very much oday, but it meant a great deal in 1881, hen accidents due to imperfect mine ventilation were taking a frightful toll of lives.

Picture the scene and the circumstance. Here was a young mine worker who wanted information on the subject connected with his daily work. He wanted t quickly, even desperately, for it might conceivably be the means of saving his life and the lives of his fellow workers.

It was a simple letter, yet few letters ever written have had greater influence on the lives of as many men and women.

For out of the answering of that letter and the many others that followed, grew the "Question and Answer Department" of the *Mining Herald.*

And then came the great conception. Men who had left school to earn their own living wanted to know more about the work beneath their hands. Why not give them this knowledge with a measure of thoroughness that would not only answer present urgent inquiries, but would prepare them to advance in position and in earnings? And why not provide it by a method that would make each home a school and the spare hours of the evening the time for study?

Out of this impulse to serve came the International Correspondence Schools, and a new idea in education was born.

The first student of the Schools was enrolled on October 16, 1891. By December, 1910, the enrolment was 1,363,700; and by June 30th of the past year it had grown to 3,700,000, the largest enrolment of any single school in the history of education.

In October, 1891, there was but one course—coal mining. By 1899, 50 courses were available. Today the International Correspondence Schools provide 241 standard courses and scores of special courses, covering practically every business, technical and engineering subject.

These figures are significant as indicating the swift and far extending growth of a great idea. But most important of all are the records of personal achievement made possible through this innovation in education. Carpenters have become architects; mechanics have become engineers and superintendents; clerks have become executives and proprietors of businesses of their own; unskilled workers have risen to splendid positions of responsibility—men and women of a hundred undeveloped talents and inclinations have found in the International Correspondence Schools the way to satisfying careers, useful lives and happy, prosperous homes.

No other institution has rendered so great a service to so many people. The young miner of forty-eight years ago has become a legion of students seeking and finding the answers that have meant efficiency in countless vocations. And the flickering lamp at his elbow has become a light of knowledge, burning in millions of homes.

If you desire further information about the work of the I. C. S., we shall be glad to send our booklet, "The Business of Building Men," upon request.

INTERNATIONAL CORRESPONDENCE SCHOOLS

FOUNDED 1891
SCRANTON, PENNSYLVANIA

MEMBER, NATIONAL
HOME STUDY COUNCIL

FOR WEEK ENDING JANUARY 25, 1930

EDITORIAL

THE BUSINESS WEEK
A McGRAW-HILL PUBLICATION

The Gold Bugaboo

• TWO professors of the esoteric art of economics, testifying before a public body concerned with utility valuation questions recently, said prices of commodities must fall from now on into the indefinite future because not enough gold is being produced and going into the reserves of banks each year.

This is one of those ancient academic bugaboos that belong to the class of things that might be important if true, but are probably not true and are not necessarily important either. It is especially unfortunate to scare business men with skeletons of this kind at a time when they are particularly sensitive on the subject because prices of some things are skidding rapidly. The fall of prices in the past few months of course has nothing much to do with the amount of gold dug in South Africa. It is the normal result of a business recession and of the collapse of certain ill-considered efforts to peg or boost prices in defiance of the forces of supply and demand.

Moreover, the connection between gold production and the long-run trend of price levels has been quite uncertain in recent years and is not at all inevitable in the future. There has been so much talk about increased efficiency in industry in recent years that prices might be expected to fall somewhat on this account. So far as they do it is certainly a sign of progress, an index of rising standards of living, and should cause no worry. Price deflation as a result of industrial advancement will not depress business.

There is always a possibility that prices may have fallen or will fall because credit based on a gold standard is not expanding as fast as increased production requires. A deflation of prices due to such a situation would be depressing to world business and would be a real cause for concern.

If anything of this kind does happen in the future, business opinion will force the world's banking system to find a way to correct it. Business has become more keenly aware than ever before of the dominant and pervasive influence of credit conditions upon prosperity and progress. It is showing constantly greater disposition to chafe under credit policies based upon older banking theories, and to insist upon the same degree of efficiency in the use of gold reserves as it has come to demand of labor, management and materials. It has become sufficiently international minded to compel governments to establish better means of cooperation among the central banks of the world in order to increase the economical use of gold.

If all this proves insufficient to meet the increasing credit needs of world business expansion in the future the growing intelligence of the business community will not hesitate to free itself and its banking system wholly from its long barbaric and superstitious bondage to the gold standard and devise a more elastic means of regulating its currency and credit requirements. It took a long step in this direction when the Federal Reserve System was established in the United States in 1914 and will take another when the International Bank is set up in Europe.

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